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East Asia

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East Asia
ANNEX

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Japan

Issue of Infringement on U.S. Patents Viewed

OW2404074292 Tokyo YOMIURI SHIMBUN in Japanese 21 Apr 92 Morning Edition p 7—FOR OFFICIAL USE ONLY

[First in series "Japan-U.S. Technological Friction" by unidentified reporter: "U.S. Gains Profits From 'Past Legacies'"]

[Text] Lawsuits against Japanese corporations over infringements on U.S. patents have occurred frequently in the United States. For example, Honeywell Inc. has filed suits against Japanese firms over its patents for automatic-focusing technology for cameras, and Loral Fairchild Corp. has a lawsuit over its patent for a semiconductor CCD (charge-coupled device), called "electronic eyes."

In the Honeywell lawsuit, Minolta Camera Co. has been asked to pay $127.50 million (approximately 16.5 billion yen), which will deal a heavy blow to the company's business. The background to these successive lawsuits are the weakened state of U.S. industrial power and private corporations' expectations that they might be able to gain profits from past legacies.

In such situations, do Japanese firms, which are forced to be on the defensive, have countermeasures? We probed the circumstances surrounding technology disputes between Japan and the United States.

Every driver knows about so called "intermittent windshield wipers," which are used to wipe front windshields in light rain. Mr. Robert Carns [name as published], an American who invented this wiper, claims that his patent for the wiper technology has been infringed upon.

Accused are 11 Japanese automakers, including Toyota Motor Corp. and Nissan Motor Co. As a condition for conciliation, Mr. Carns demands that the "11 automakers jointly build a wiper factory in the United States and give it to him for nothing," and that "they set up a sales network for the factory." To satisfy his demand, more than 10 billion yen will have to be invested. We cannot help but imagine that, because of consecutive U.S. wins in court, Mr. Carns has decided to make an excessive demand on Japanese makers.

Los Angeles Federal District Court made a decision asking Sega Enterprises, a Japanese major manufacturer of video games, to pay $33 million (about 4.4 billion yen) for its infringement upon technology for image processing invented by an American. Sega is also in dispute with Magnavox Company, a U.S. subsidiary of Philips Corp., a major Dutch electrical manufacturer, over patent for a table tennis video game. If Sega is defeated in the court dispute, it will suffer greatly.

Japanese firms have become the targets in disputes over patent infringements. It is believed that "there are many lawsuits going on" (according to Sadakazu Itake in charge of patent affairs at Fujitsu Ltd.). However, out of fear that their image might be damaged if people know they are involved in patent disputes, corporations tend to hold their tongues. Thus, no accurate data on lawsuits over patent infringements has been disclosed so far.

However, according to an inside document compiled by the Japan Machinery Exporters' Association, the number of lawsuits filed with U.S. federal district courts and with the U.S. International Trade Commission (ITC) against Japanese firms have reached 112 over the past 10 years. There were 281 cases in which conciliations were made before entering into actual lawsuits. In 219 of these cases Japanese companies were asked to pay for infringements.

Among 173 companies that responded to questionnaires sent by the association, 56 are currently in dispute with foreign firms over intellectual property rights. Out of 220 lawsuits involving the 56 companies, 155 cases were filed by U.S. corporations, inventors, and patent administration offices. The document has brought to the fore the state of Japanese companies which have been distressed by lawsuit offensives over patent infringements.

American enterprises have exerted much energy on difficult basic research work. On the other hand, Japanese companies have sought application technology, with which companies can easily improve the quality of their products. It can be said that Japanese companies have now been asked to pay for it.

IBM has renewed cross-licensing contracts with major Japanese electrical makers during last few years. Under cross-licensing contracts, companies can use their patents reciprocally. Patents that Japanese companies have provided to IBM exceeds in number those provided by IBM to them. However, Kochi Tomiya, who is in charge of intellectual property rights affairs at IBM Japan Ltd., said that "when we see the balance of royalties, merit comes to IBM," commenting on IBM's superiority.

This indicates the fact that, although Japanese companies hold many patents for application technology, they are inferior to U.S. companies in the number of patents concerning basic research on which they can get royalties.

IBM says it has about 120 "patent lawyers," who hold engineering and law degrees, who work to apply for patents. The company selects patents which it thinks are effective and makes applications. Before applying, IBM never fails to check the possibility that they constitute infringements of other companies' patents. The company is always prepared for possible lawsuits. On the contrary, not many Japanse companies employ staff members specialized in patents affairs. Moreover, they are so busy in applying for patents, which are a "mixture of wheat and chaff," that they cannot afford the time to check the possibility of infringements.

Omori Yoichi, second section chief of the Intellectual Property Research Center, points out: "It is impossible for companies, which are incapable of handling their own patents with care, to respect others' patents." Disputes over patents have occurred frequently between Japanese and U.S. companies. Although Japan and the United States employ different systems, Japanese firms' low consciousness on technology has now been questioned.

U.S. Firms Increase Patent Infringement Suits

OW2404115892 Tokyo YOMIURI SHIMBUN in Japanese 22 Apr 92 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Article by Hisashi Kitahara in New York, second in series entitled "Japan-U.S. Technological Friction": "U.S. Firms Trying To Rebuild Operations by Increasing Revenues from Patent Rights; Japan Is Primary Target"]

[Text] Early this month Eli Lilly and Co., a major U.S. pharmaceutical company, filed suit with district courts in Tokyo and Osaka requesting a ban on production and sales of their products for treatment of acute cardiac failure by four Japanese pharmaceutical companies. The U.S. company charged that the four companies infringed on the company's patent right relating to its product. An officer of Eli Lilly in charge of the suit insisted: "We have issued warnings on the infringement of the patent right, but the warnings have not been heeded. Hence, we decided to bring them to court. We will continue to deal firmly with such cases in the future."

The biotechnology industry, including pharmaceuticals, is one of the few areas where U.S. companies retain competitiveness, and it is predicted that "this area will become the next battleground for Japan-U.S. patent disputes following one on electronics."

Mr. Joe McLaken—an officer of Genentec Company of the United States and president of its Japan subsidiary, which won a suit against Toyobo Company over a patent right on ticthrombus dissolvers last October (the case is now pending at the appellate court)—said, "In the biotechnology industry, a company's operations depend much on one technology. The value of patent rights is greater here than in other industries."

It is since the establishment of the Court of Appeals for the Federal Circuit (CAFC) in 1982 that U.S. companies started to obstinantly appeal patent infringement cases in court. The CAFC, which is in charge of all hearings of appeal on patent infringement cases, has drastically expanded the scope of patent rights and has handed out rulings to substantially raise compensation money. Furthermore, the U.S. Government has also announced a plan to use intellectual property rights—like patent rights—as a means of regaining the U.S. position. Recently, an increasing number of companies are also making the most of this national strategy and are trying to rebuild their businesses by making up for poor business performance—caused by lack of competitiveness—with income from patent fees.

This strategy becomes clear if one compares the companies' operating income, which is the income from their main business line, with patent fee income. For instance, in the account for the January-March quarter for Honeywell, which recently won a settlement on a patent dispute case, the income from the settlement was equal to 94 percent of total operating income. In the case of Texas Instrument (TI), which is taking large amounts of patent fees from Japanese makers for using the Kirby patent for semiconductor production, the income from patent fees amounted to 1.5 times the operating income.

Both Honeywell and TI deny that the strategy is targeted only at Japanese companies, insisting, "We are only trying to defend the just rights of our patents." But Mr. John Daniel, an attorney at Shay and Goule law office, a law firm strong in patent suits, noted: "When several companies are thought to be infringing on patent rights, the natural strategy will be to select one most vulnerable company and bring a suit against it. It happened that the company was Japanese."

In suits over patent rights, there are an increasing number of cases wherein a jury made up of common citizens picked at random hands out a verdict. In other words, judgments brought by jurors unfamiliar with technological matters are having a major impact on Japan-U.S. relations, which should have nothing to do with such legal suits. A survey conducted recently showed that, in suits over patent rights infringements filed by U.S. companies, juries supported the positions of plaintiffs in 33 percent of the cases when defendants were U.S. companies, but supported the positions of plaintiffs in 52 percent of the cases when defendants were Japanese companies.

The fact that the Japanese companies are not familiar with the United States court system is also a weak point U.S. companies are putting to good use. In patent suit proceedings in the United States, defendants are required to submit even the company's confidential papers as evidence, but "the Japanese companies' system to deal with such requirements is very inadequate," according to the attorney.

Naturally, complaints by Japanese companies are strong about such a strategy by U.S. firms. An officer of a big electric appliance company stationed in the United States said angrily, "The U.S. companies are saying that the income from patent fees will be used as investment in research and development programs. But can they really do that? I have yet to hear if Polaroid, which received a huge sum in a settlement from Kodak in a patent dispute, has invented anything drastic since then."

Profits may grow from the increased patent fee income, but if the money is not used in producing things, it will not contribute much to increasing employment. In fact,

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it is probable that the companies that want to produce things by taking the risk of making large capital investments will decrease. We have not heard any discussions from this angle in the United States, where the top priority is the protection of investors' rights. Still, there is no doubt that patent infringement is no longer an issue that can be settled by court proceedings alone.

Current Patent Disputes With U.S. Viewed

OW2504051092 Tokyo ASAHI SHIMBUN in Japanese 23 Apr 92 Morning Edition p 11—FOR OFFICIAL USE ONLY

[First in three-part series by unidentified reporter: "Japan-U.S. Intellectual Friction—Soaring Intellectual Prices"]

[Text] Disputes over intellectual property rights, including patents, occur frequently between Japan and the United States. Minolta Camera Corporation is set to pay $127.5 million (approximately 16.5 billion yen) in compensation to Honeywell in the United States for the unauthorized use of automatic-focusing technology invented by the U.S. firm.

Meanwhile, Los Angeles Federal District Court has ordered Sega Enterprises in Japan to pay $33 million to an American video game inventor for infringing the latter's patents. Sega claims it has not infringed upon the American inventor's patents, and is poised to fight back in a lawsuit.

This intellectual friction is likely to further escalate between Japan and the United States in the future.

In negotiations with Sega, the American inventor first demanded $2.5 million in conciliation for infringing patents. When Sega rejected the demand, the inventor raised the conciliation fee to $5 million, which was also rejected by Sega. Finally, the American inventor took the case to court.

According to Mr. Rolick [name as published], a lawyer who filed a lawsuit on behalf of Mr. Jane Koil [name as published], the American video game inventor, the patent dispute could have been settled for just 10 percent of the amount the court ordered. The lawyer added that "if I were Sega, I would seek an early conciliation with the American inventor to settle the patent dispute after making a careful study of various cases involving patent dispute."

Formula Change in the 1980's

Asked why the payment for infringing upon the patents ballooned 10 times, the lawyer replied with the stock phrase "the court decided the payment as appropriate."

In the dispute between Minolta Camera Corporation and Honeywell, a senior official at a Japanese maker based in the United States was amazed, saying, "I cannot understand why the patent infringement payment is so high." Commenting on the soaring price of intellectual property, Mr. Henry Koda, who is well versed in patent disputes and is the representative of the Koda-Andora [name as published] International Patent Office in Los Angeles, pointed out that patent fees and the calculation formula of compensation for infringing patents have changed in the United States since the 1980's and this change has led the courts to order the payment of huge sums of money in compensation.

According to Mr. Koda, until the 1970's there was strong opposition in the United States to specific corporations growing into giant businesses and the monopoly of patents. Compensation for infringing patents was limited to three or four percent of total sales and these affected rulings by courts.

U.S. Business Community Sees Court Ruling as "Quite Natural"

Since the time of the Reagan administration, which introduced the market mechanism, the formula for calculating compensation for patent infringements has changed in response to the soaring cost of developing patents and the growing demand for them. The "Young Report" was released in 1985 and the report claimed that the "intellectual property right is a trade issue." This report has since spurred the change in the calculation formula.

In line with the report, the U.S. Government has pursued a strategy aimed at protecting U.S. intellectual property rights. In the multilateral trade negotiations (the Uruguay Round) of the GATT, the United States has pressed developing nations to create systems to protect U.S. patents.

The United States has also made China promise legislation to protect U.S. patents by threatening to impose sanctions. Texas Instruments sees the ordering by the Los Angeles Federal District Court as quite natural, claiming that "we have invested huge sums of money in developing patents." This has become accepted in the U.S. business community.

Rich Japan Targeted

Unlike the United States, which takes a tough policy to protect its patents, enterprises of Japan, which has money, are being increasingly targeted.

Wang Laboratories, an American computer maker, has filed complaints with the U.S. International Trade Commission against seven Japanese enterprises for infringing upon its semiconductor patents. Of the seven Japanese firms, the U.S. computer maker has dropped the complaints against four—Fujitsu, Hitachi, Matushita, and Oki Electric Industry Company—after concluding technology transfer contracts with them. The U.S. computer maker, however, is continuing with the complaints against the remaining three Japanese enterprises, including Mitsubishi Electric Corp.

Loral Fairchild Corporation has filed lawsuits against 37 Japanese enterprises, including Toshiba, for infringing upon its patent of CCD (charge-coupled device) which is called the "electronic eye" and is used for manufacturing the camera-video combination system.

In both cases, U.S. corporations are believed to be filing lawsuits and complaints against Japanese enterprises on the back of "soaring intellectual prices."

Additional U.S. Tax Levy on Honda Viewed

OW2704054892 Tokyo ASAHI SHIMBUN in Japanese 20 Apr 92 Morning Edition p 7—FOR OFFICIAL USE ONLY

[Article by unidentified reporter; first in three-part series: "Japanese Automakers Respond to Local Content Issue—Ripples Caused by Civic Case"]

[Text] A letter from U.S. Ambassador to Japan Armacost recently reached the head office of Honda Motor Co., Ltd. in Aoyama, Tokyo, after Honda was notified on 2 March by the U.S. Treasury Department's Internal Revenue Service [IRS] of the levy of an additional tax of $17 million (approximately $2.2 billion yen) because the local procurement content of auto parts of the Civics produced in Canada failed to comply with the criteria for determining the cars as being "made in North America." Ambassador Armacost pointed out the delay in measures taken by Honda on this issue, saying that "Honda could have obtained a certain amount of advice from the U.S. Government."

The remarks made in the letter were no more than general considerations. The letter went on to explain that "it does not intend to criticize Honda" and highly praises Honda's past contribution to the United States. But Honda could not be pacified. At best, it intended to institute an appeal of dissatisfaction, waiting for the official document from the U.S. authorities.

"Efforts in Manufacturing Internal Engine Parts" Have Come to Naught

Honda's Canadian-made Civics issue has begun to change into a new source of friction not only between the United States and Canada, but also among the three countries, including Japan.

The yardstick for determining the local procurement content of parts as being "made in North America" as stipulated in the U.S.-Canada Free Trade Agreement (FTA), which came into effect in 1989, was set at 50 percent. Products exceeding this value can be exported and imported tax-free between the United States and Canada. In the case of Civics, Honda insisted that 69 percent of the parts were procured in the United States and Canada and that the cars were assembled in Canada. However, the United States regarded the ratio to be only 46 percent, so the 91,000 Civics exported from Canada to the United States have become subject to an additional tax levy.

In the case of agreement between the United States and Canada, the local parts procurement content of a product is the percentage of the total amount of direct processing cost, assembly cost, and locally procured parts and materials costs incurred in North America with respect to the sum-total of the materials' cost and the processing cost of the product in question. The procurement ratio for parts manufactured in the local factory is also calculated by using the same formula. If found below 50 percent, they will be regarded as "non-local parts."

Of all the Japanese automakers that have entered the North American market, Honda has been the only one striving for "the manufacture of internal engine parts" by melting aluminium materials into blocks to be built into engines in assembly operations. The biggest problem for Honda is that the casting and processing costs have not been calculated into the local parts procurment content. Though it is stipulated in the U.S.-Canada agreement that processing costs are included, in reality, only the assembly cost is included in the calculation of the local parts procurement content.

The Honda side said that appropriate measures could have been taken had this been clearly disclosed in advance. In December 1988, immediately before implementation of the U.S.-Canada agreement, Canada's Revenue Bureau explained to Honda the operational interpretation of the agreement and issued a document certifying that Honda cars are "made in North America."

However, in contrast to Ambassador Armacost's remarks, U.S. authorities failed to provide explanations to Honda, despite the latter's inquiries. Even after the report on "the levy of additional tax on Honda" by THE FINANCIAL TIMES in June 1991, the U.S. authorities reportedly continued to refuse to provide an explanation, under the pretext that "the issue is under inspection." Then, on 22 January 1992, "the engine issue" was pointed out for the first time.

Honda Vice President Yoshihide Munekuni did not conceal his sense of distrust. He said, "Manufacturing internal engine parts is something that is not even done in factories in Japan. If we could not get the U.S. authorities to recognize our efforts in equipment investment to such an extent...."

It Is Not a Matter of Other People's Concern

Even among Japanese enterprises, Honda in the United States is famous for its endeavors to achieve local parts procurement. As a Japanese automaker, it started with local production for the first time in November 1982. At that time, local procurement was limited to widely used parts such as tires, glass, and sheet materials. In 1986, it began manufacturing internal engine parts. From 1989, it diversified into the local procurement of lighting devices, meters, and suspensions, high-technology parts such as fuel injectors, and pedal parts such as disk brakes.

Concerning the formula for calculating the local parts procurement content, apart from the one used in the U.S.- Canada agreement, there is the criterion set by the Environment Protection Agency (EPA), which is used by the U.S. Government in regulating fuel costs. According to this standard, Honda's local parts procurement content has been remarkably upgraded from the 50 percent of 1983 to the current 75 percent.

The ripples stirred up in the automotive industry by the Civic issue are great. Vice President Yoshikazu Hanawa of Nissan Motor Co. was surprised by the U.S. posture, saying, "It is incredible that Honda, which has gone into local production far more than any other Japanese enterprises, should be questioned on local parts procurement content."

Honda is not the only Japanese automaker that has been engaged in car production in the United States and Canada. Toyota Motor Corporation is manufacturing Corollas in Canada, over half of which are being exported to the United States. Since last year, it has been under strain over the issue upon receipt of an advance notice of "an upcoming inspection" from the U.S. IRS. Suzuki Motor Corporation is also manufacturing automobiles and four-wheel drive vehicles in a joint venture with General Motors. However, though these cars are considered to be "made in North America" in Canada, it was also advised by U.S. authorities that "interest costs, which cannot be taken into account according to the U.S.-Canada agreement, have been included in the local costs."

Even Nissan, which has not yet established its production base in Canada, will also be likely in the future to sell on the U.S. market cars manufactured in Mexican factories, once the the North American Free Trade Agreement (NAFTA) comes into effect. Thus, it is by no means an issue that is of other people's concern.

As of now, there are rough negotiations among the three countries concerned toward the conclusion of the NAFTA, as the United States has put forward the request of raising to 60-70 percent the local parts procurement content for automobiles "made in the United States." While there is the strong view within auto circles that Honda's case "has been aimed at hitting Japanese enterprises," there is also the view that "Japan has been caught in the dispute between the United States, which wants its parts makers to benefit from the NAFTA, and Canada, which is weak in the parts industry" (according to a ranking official of the Ministry of International Trade and Industry [MITI].)

This is not the first time that rules and regulations governing the country of origin centering on local parts procurement content have become a commercial issue.

In 1988, when Bluebirds produced by Nissan in a UK factory were exported to France, the French Government seemed to have them included in the quota for the import of Japanese cars, saying that "they are not made in the EC." Britain and the EC Commission set the local parts procurement content at above 60 percent as the yardstick for determining cars made in the EC. However, France set it at above 80 percent, which thus treated the autos as Japanese cars. As the British and French Governments failed to reach a definite conclusion in their negotiations, the issue was finally resolved by Nissan's agreement to raise the local parts procurement content to 80 percent. But this incident reveals Europe's caution in viewing the issue on the local production of Japanese enterprises as "a Trojan horse."

As for electrical appliances, duplicating machines exported by Ricoh from a U.S. factory in 1987 came under inspection by the EC Commission on suspicion of "circuitous export of Japanese-made cars," despite the issuance of a certificate of origin by California's Chamber of Commerce and Industry. In the backdrop was the caution that has cropped up immediately in the wake of the decision in the same year on levying antidumping taxes on duplicating machines made in Japan. In 1989, the EC Commission imposed an independent standard on products imported into the EC by setting up its own regulations governing the country of origin under compliance with local procurement of major parts.

The foreign enterprises' compliance with local parts procurement will, to a certain degree, be conducive to nurturing the parts industry of one's own country. This is being practiced by many semi-developed countries and developing countries in Southeast Asia. However, Trade Control Section Chief Tetsuo Mamura of the Japan Machinery Exporters' Association said, "If too severe controls are imposed on the regulations for the country of origin, free trade will be impaired, and the desire to go into local production will be weakened.

Difficult To Turn Back the Clock

At the GATT Uruguay Round (of multilateral trade talks), Japan proposed to discuss the issue with countries, including the United States, saying, "There are signs that the rules governing the local parts procurement content and the country of origin are being arbitrarily applied by individual countries and used for protectionism" (according to the MITI Tariff Division). Toward the end of the 1990's, all countries basically agreed to proceed with internationally unifying the rules governing the country of origin. However, it will take a long time based on the schedule of "achieving unification in three year's time" after reaching accord in the Uruguay Round. Besides, the preferential agreement to be concluded in the region including the EC and the North Atlantic Free Trade Area has been excluded from "unification."

Instead, it has been incorporated into the regional preferential agreement provisions for complying with the requirement of ensuring the transparency of the rules and regulations governing the country of origin and of adhering to the principle of nondiscrimination of both domestic and foreign enterprises. However, Tariff Division chief Masakazu Toyota said, "The problems have

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not ended. If regional preferential agreement violates the principle of free trade, we should also think of measures such as bringing the case before GATT."

The Japanese enterprises that have advanced into foreign countries have made up their minds to tolerate the situation for the time being, while looking forward to GATT's formulating a plan aimed at unifying the rules governing the country of origin. (Mr. Masami Takeiri, director of Ricoh's International Strategy Department, said:) "We cannot just wait for unification to take place. As we have gone into local production, it is now too late to move them back to Japan. Even if it proves economical to carry out production in Japan, we will strive only for improving the local procurement content."

MITI Sets Export Quotas for Auto Companies

OW2304124992 Tokyo MAINICHI SHIMBUN in Japanese 23 Apr 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] On 22 April, the Ministry of International Trade and Commerce [MITI] decided on the breakdown by companies of the 1.65 million units of vehicles it previously set as the voluntary export ceiling for 1992. The companies were notified of the breakdown figures the same day.

With the total ceiling reduced by a whopping 0.6 million from the earlier 2.3 million units, the allocations to companies are tough. Under the allocations, such big companies as Toyota Motor Corporation, Nissan Motor Company, and Honda Motor Company are required to export 6 to 8 percent less in 1992 than in the 1991, which means export ceilings for these companies have dropped by 21.5 to 45.3 percent from the previous figures.

However, the allocations for lower-ranked companies, like Fuji Heavy Industries and Isuzu Motors, which are in operational difficulties, actually topped 1991 exports. It was clear that consideration was given to lower-ranked companies.

For the past several years, there have been conspicuous gaps between the voluntary restraint allocations and actual exports for individual automakers because of local production conditions and so forth. In view of this situation, the allocations this year were adjusted based on the actual exports of 1990 and 1991. With larger companies, local production is making progress. These bigger companies also have room to be flexible. Hence, the allocations took the form of taking from bigger companies and giving to smaller companies.

New allocation figures are as shown in the table below. Allocations for Toyota, Nissan, and Honda are respectively 6.1, 8.1, and 7.1 percent less than actual exports in 1991. Conversely, allocations to Isuzu and Fuji Heavy Industries are respectively 22.5 percent and 19.6 percent higher than 1991 actual exports, thus giving the companies a chance to improve their business by increasing exports.

Ceilings for Exports to U.S. by Compnaies in 1992

	Previous Ceiling	1992 Ceiling	Percent Reduction
Toyota	610,000	479,000	21.5
Nissan	544,000	298,000	45.3
Honda	427,000	316,000	26.0
Matsuda	226,000	196,000	13.3
Mitsubishi	193,000	156,000	19.2
Isuzu	124,000	114,000	8.1
Fuji Heavy Industries	107,000	61,000	43.0
Suzuki	60,000	30,000	50.0
Daihatsu	17,000	—	—
Total	2,308,000	1,650,000	28.3

Automakers Plan Increase in U.S. Production

OW2304125292 Tokyo MAINICHI SHIMBUN in Japanese 23 Apr 92 Morning Edition p 8—FOR OFFICIAL USE ONLY

[Text] Now that each company's voluntary quota on passenger car exports to the United States for fiscal 1992 has been determined, domestic car manufacturers will be forced to take mobile strategic measures for the U.S. market.

The voluntary quota for fiscal 1992—which is 1.65 million cars—is equivalent to 95 percent of the number of vehicles exported to the United States during fiscal 1991. Approximately 1.73 million vehicles were exported to the United States in fiscal 1991. Voluntary quotas for the top five companies in particular will be 5.5 to 8 percent less than the actual number of cars exported during fiscal 1991. Thus, a main point of their strategy will be focused on how they will make up for the shortfall.

Expansion of production in the United States will be one of the strategies by which Toyota Motor Corp. plans to make up for the reduction of its quota, thereby increasing production level at NUMM [as published] located in California, which was established through a joint venture with General Motors and is a stronghold of Toyota's production in the United States. Moreover, starting at the end of fiscal 1993 Toyota will increase its production of Camrys to 200,000 vehicles per year at the TMMU [as published] located in Kentucky, where construction of new assembly lines is progressing.

Nissan Motor Co. is also studying a plan "aimed at increasing the ratio of production in the United States to its exports from one-to-one to two-to-one by the second half of fiscal 1990." In lieu of introducing a production system for manufacturing 200,000 Bluebirds per year at its Tennessee plant starting this fall, Nissan will stop exporting Bluebirds to the United States. Nissan exported some 730,000 Bluebirds to the United States in fiscal 1991.

Honda Motor Co.'s Ohio plant will also increase Honda of America's production, which was 450,000 vehicles in

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1991, to 480,000 in 1992. Honda plans to increase the number to 510,000—full production capacity—in the near future.

On the other hand, other automakers are planning to expand exports to the United States from their companies abroad. Mitsubishi Motors Corp. will ship "Magna Wagon," which is produced and sold by its Australian company, to the United States starting this fall.

What is conspicuous is that they are trying to sell high-quality vehicles. Toyota and Nissan will sell "Lexus" and "Infinity" respectively in the U.S. market. Their aim is to make a larger profit even though their export quotas are reduced as a whole.

EC Pressing for Cut in Car Exports to Europe

OW2404032392 Tokyo MAINICHI SHIMBUN in Japanese 23 Apr 92 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Text] Now that Japanese automakers have officially decided their voluntary quota on exports of passenger cars to the United States, it can be said that trade friction between Japan and the United States on the issue has passed its peak for the time being.

At the Japan-U.S. summit talks in January this year measures were agreed on to increase purchases of U.S.-made cars and local procurement of U.S.-made auto parts, to expand imports, and to significantly reduce Japan's voluntary quota on car exports to the United States.

However, now the European Community is starting to criticize Japan, saying these measures attach "too much importance to the United States." Because of this, there is a growing concern that the EC may renew its demand for Japan to reduce auto exports to Europe.

The EC has been complaining about rapid expansion of its deficit in trade with Japan since last year. In 1991, the EC's deficit in trade with Japan was $27 billion, a 46.7-percent increase over the previous year. It seems that the trade deficit will increase even more this year.

Now that Japan has agreed with the United States to expand imports of U.S. cars and auto parts, the deal has provoked the EC and its vice president, Brittan, has hinted at the possibility of exercising its powers, saying that it would "not hesitate to bring the case to the GATT."

Since 1986 Japan and the EC have exercised a mild regulatory measure over car exports called a monitoring system. Under the system, the Ministry of International Trade and Industry [MITI] monitors Japanese makers to prevent rapid export increases, after holding discussions with the EC each year on the trend of demand in the EC market.

However, a new voluntary regulation is scheduled to be introduced in 1993. This is designed to cut the number of Japanese vehicles exported to the EC to a level of 1.3 million (30,000 less than the figure for 1991) by 1999 or during a transitional period before complete liberalization, which will start in the year 2000.

Strong pressure from the EC on Japan was clearly noted at a monitoring meeting held this year, the year before the new regulation is introduced. Saying demand will drop as a reaction to the assimilation of East Germany, the EC side asked for a significant reduction in car exports from the previous year's 1.26 million cars. Because of this, the meeting was hard going. It is obvious the EC side made the demand because Japan significantly reduced its voluntary quota on car exports to the United States. It is saying that, because Japan cut car exports by 650,000 at a stroke, it is a "matter of course for Japan to give consideration to the EC as well."

Moreover, it is said that some member nations of the EC are beginning to express their opinion that there should be a review of the new regulation, which will take effect in 1993. Because of this, it seems that MITI and the automakers will be forced, following the measures they took for the United States, to take measures on car exports to Europe as well.

MITI Minister's PRC Visit Assessed

OW2404094192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Apr 92 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Article by Beijing correspondent Tolu Yoshida: "Japan-China Relations Are Reaching the Point Where the Two Nations Can Speak Out To Each Other"]

[Text] International Trade and Industry Minister Watanabe returned on 22 April to Japan after winding up a four-day trip to China. During his stay in China, he held a series of meetings with CPC General Secretary Jiang Zemin, Premier Li Peng, and Deputy Premier Zou Jiahua. At the meetings, Minister Watanabe made requests in connection with the preservation of the environment, the protection of intellectual property rights and the issue of China's exports of weapons. This is an indication that Japan wants to have a candid exchange of views with China instead of just listening to requests from China for Japanese aid. China, which is eager to join the international trade system, is displaying a willingness to positively study requests from Japan. Thus, Japan-China economic relations have entered a new stage.

Remarks Harsh to the Ear

"In order to help China join the free trade system, we have to clearly indicate economic problems, even if the indication is harsh to the ear of the Chinese side," said a source who accompanied Minister Watanabe. The source also stressed the need to review the way that Japan-China economic relations have thus far been maintained.

Japan has no choice but to take a reserved diplomatic posture toward China because of past history. While

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extending huge yen-based loans to China, Japan has seldom asked China to revamp its economic and trade systems. During his stay in China, however, Minister Watanabe made harsh requests of the Chinese side. At the 17 April meeting with Foreign Economic Relations and Trade Minister Li Lanqing, Minister Watanabe pressed his Chinese counterpart, claiming that the "Chinese government has given U.S. intellectual property rights preferential protection and this is tantamount to China's discrimination against other nations."

At the U.S.-China trade talks held this January, the Chinese Government promised that China would protect (material patents) for medicine and agricultural chemicals which came into effect in the United States since 1986. Compared with the U.S.-China agreement on the protection of U.S. patents, the patents of Japan and other nations will not receive similar protection until after January 1993.

Minister Watanabe appeared to have indicated this point to the Chinese side with the aim of making China, which hopes to join the free trade system, understand the importance of protecting other nations' intellectual property rights and the principle of most-favored-nation treatment in which no nations are discriminated against in trading with China.

At meetings with General Secretary Jiang and Deputy Premier Zou, Mr. Watanabe firmly asked them to alter China's conventional position of giving priority to economic growth over the environment and work to preserve the environment. The minister made these requests because the growing use of fossil fuels by thermal power plants in China has greatly polluted the air, and this has resulted in the fall of massive amounts of acid rain in Japan.

At a meeting with Energy Resources Minister Huang Yicheng, Mr. Watanabe asked Minister Huang to allow Japanese enterprises and capital to participate in the development of the Tarim Oilfield. In this way, Minister Watanabe took the attitude of seeking fruits from Japan's economic cooperation with China.

China's Positive Attitude

In response to a series of requests by Minister Watanabe, the "Chinese side showed an uncharacteristically positive attitude toward them" (said a source accompanying Minister Watanabe). Regarding the question of protecting Japan's intellectual property rights, the Chinese side agreed to hold talks with Japan to discuss the question in the near future.

On the environmental problems, Deputy Premier Zou suggested for the first time the link between sulfur oxides (SOx) emitted from thermal power plants in China and the fall of acid rain in Japan. In the past, the Chinese side had maintained that air pollution in China had nothing to do with the fall of acid rain in Japan.

The Chinese side listened to requests from the Japanese side and asked the Japanese side to back China in joining the General Agreement on Tariffs and Trade [GATT], while expressing its eagerness for early affiliation with the international trade organization which will eventually pave the way for China to join the free trade system. Regarding the simultaneous affiliation of Taiwan and China with GATT, which has become a shackle for China, the Chinese side showed some willingness to make concessions with regard to the eligibility of Taiwan. The Chinese side stressed that China is now working to create a climate—including revamping trade-related laws—to meet conditions for China to join GATT.

Cold Eyes of the U.S. and European Nations

Minister Watanabe intends to play a role in conveying China's intention to join GATT to the United States and European nations at the quadrilateral trade ministers talks scheduled to be held in Urabandai, Fukushima Prefecture from 24 April, at the ministerial talks of the Organization for Economic Cooperation and Development (OECD) scheduled to be held in May, and at the industrialized nations' summit [Munich summit] set to be held in July.

In the United States and European nations, however, the criticism of China's human rights violations since the Tiananmen incident is still lingering. Those nations are looking at China with cold eyes. If Japan intends to play an intermediary role between China and the United States and European nations, "it needs to speak out about what China does," using Minister Watanabe's visit to China as a start. Aside from past history, Japan and China face the question of whether they will be able to build their cooperative relations in the future.

Miyazawa Discusses GATT Agriculture Talks

OW2404024492 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Apr 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom data base]

[Text] Prime Minister Miyazawa said "unless the United States and the EC make a few more concessions to each other, the multilateral trade negotiations will make little headway," when he spoke to reporters outside his official residence on the evening of 23 April. He was referring to the agriculture negotiations in the Uruguay Round of GATT.

He said that progress in settling differences between the United States and the EC is indispensable to the conclusion of the negotiations.

On the prospects for the multilateral trade negotiations, the prime minister said, "I cannot predict how the negotiations will progress in the future."

However, he stressed that "if the negotiations are not concluded before the industrialized nations' summit, it will be difficult for summit participants to discuss the farm subsidy issue and other issues." This meant, he said, the negotiations needed to be settled before the Munich summit.

Editorial Urges Leadership in Uruguay Round

OW2404141392 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Apr 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Editorial: "Japan Is Urged To Show Leadership in Finding a Breakthrough for the New Round"]

[Text] It appears that a settlement of the GATT Uruguay Round will be postponed. The summit between U.S. President Bush and EC Commission President Jacques Delors failed to produce a compromise over the question of farm protection, and the deadline for an agreement has been put off until the end of June. It is fortunate that the negotiations did not break apart in midair, but still, the fact is that the multilateral free trade system is now on the brink of collapse.

The gap between the United States and the EC over the farm product issue is deep. France and other farm product exporting countries of the EC remain opposed to drastically reducing subsidized exports. At the U.S.-EC summit, the EC presented a compromise plan on the reduction of agricultural protection, but its basic stand has not changed. Meanwhile, in the United States, which is in the middle of a presidential campaign, there is a strong air that there is no need to hurry on an agreement which will result in sacrifices on its part.

With the industrial nations' summit (Munich summit) set for July, Chancellor Kohl of Germany, which is the host country, is expected to work on the United States and France to seek a compromise. But there are aleady widespread views predicting that it will be difficult to arrive at a settlement by the deadline.

One problem is that, even though the negotiations are failing to make progress, the Japanese Government is not trying to fulfill a leading role toward a settlement. In fact, the government appears to be relieved to find that the U.S.-EC summit was unable to arrive at an agreement.

While there are three major points in the agricultural talks—reduction of domestic farm production, reduction of export subsidies, and improvement of import access (tariffication)—the United States and the EC are in step with each other on the question of tariffication. Once the United States and the EC come to a compromise, it is possible that pressure on Japan will rise in one sweep.

It even looks as though what the Japanese Government considers important is actually an alibi to prove that Japan is making efforts toward progress in negotiations. Deputy Prime Minister and Foreign Minister Watanabe sent letters to the United States and the EC calling for early settlement of their negotiations. The act itself does look as if Japan volunteered to play a role in pushing the negotiations. But the letters only urged them to present industrial product market liberalization plans broken down by items soon, and, as far as the agricultural issue was concerned, all they said was that appropriate action should be taken on difficult issues, and the letters did not refer to the rice issue at all.

Unless Japan is willing to show a stance of wanting to maintain the free trade system with the resolve to accept some pains for itself, it cannot pursuade other countries. If Japan wants to extract a compromise from the United States and the EC, there is no other choice for Japan but to go ahead and decide to open up the rice market. The starting point for efforts to find a breakthrough in the negotiations should be to specify tariff duty rates for rice on the tariff rate tables for individual countries.

The Uruguay Round is the arena of negotiations to decide on the direction of the international economic order which is in confusion following the end of the cold war. Japan is the biggest beneficiary of free trade, and it has a duty to become a leader in creating the order. It can be said that playing an intermediary role between the United States and the EC provides Japan with the best chance to be a leader in the formation of a new order.

The world economy is now in a state of simultaneous recession. The formation of regional blocs is progressing in a chain reaction. Also seen is a trend to institute managed trade between two individual countries. If the Uruguay Round of negotiations is left shelved as is, protectionism will rise. Now, in order to secure and maintain the free economic system, the Miyazawa cabinet's leadership to bring about a breakthrough in the negotiations is asked for once again.

MOF To Strengthen Control Over Fake Imports

OW2604031692 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Apr 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] The Ministry of Finance [MOF] has decided to expand the application of the "prohibition demand system" in order to strengthen control over imported commodities that infringe on intellectual property rights, such as those with fake brand names.

Under the new scheme, companies that hold intellectual property rights will be asked to submit to customs authorities a list of their commodities for which they want protection. They will also be asked to provide information and details about fake goods they know about, including ways in which they are imported. This procedure will be adopted as part of measures to ban imports of commodities that infringe on intellectual property rights.

The ministry plans to start banning imports of fake goods as early as the beginning of fall. By indicating Japan's intention to strengthen control over illegal imports to Japan as well as to foreign nations, the ministry intends to impress upon everyone Japan's positive stance to talks on trade-related intellectual property (TRIP) in the GATT multilateral trade negotiations (Uruguay Round).

Under the existing prohibition demand system, companies are asked to inform authorities of illegal imports only on a voluntary basis, and this is why the ministry's control over imported commodities which infringe intellectual property rights is not sufficient. In order to strengthen control at the point of entry, the ministry will ask Japanese subsidiaries of foreign companies which deal in famous brand goods and import agencies to provide full information.

Commodities on which no information is provided to customs will be excluded from a list of goods for control.

Based on information provided, customs authorities will announce the names of companies that provided information, the names of commodities, and details of intellectual property rights to be protected. This announcement will be made four times a year.

The expanded use of the prohibition demand system is to be adopted as part of measures to ban imports of fake commodities. The ban on importing them will start as early as the beginning of fall. Until now, customs allowed each traveler to bring into Japan three or fewer fake brand-name commodities, regarding them as for private use. But now it will confiscate and dispose of all fake commodities brought in by travelers. It will also confiscate and dispose of goods brought in by unauthorized importers.

LDP's Kanemaru Defends Miyazawa Cabinet

OW2404030792 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Apr 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom data base]

[Text] The League of Prefectural and Municipal Assemblies held a meeting on 23 April at the headquarters of the ruling Liberal Democratic Party [LDP]. Addressing the meeting, LDP Vice President Shin Kanemaru said that the "Miyazawa cabinet has been working faithfully, while being criticized by the people" and hailed the passage of the 1992 budget in the Diet as an accomplishment of Prime Minister Miyazawa. Mr. Kanemaru also said, "Although Prime Minister Miyazawa is said to be indecisive and incapable, will it be possible for Japan to win the world's trust simply by replacing Mr. Miyazawa as prime minister?" In this way, Mr. Kanemaru refuted criticism of the prime minister.

Support for Miyazawa Cabinet Up by 6.8 Percent

OW2404003892 Tokyo YOMIURI SHIMBUN in Japanese 23 Apr 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] According to a national opinion survey conducted by YOMIURI SHIMBUN on 18 and 19 April, approval for the Miyazawa cabinet went up by 6.8 points to 33.3 percent over last month, when the approval rate for the cabinet was found to have been halved in the five months since the cabinet's inauguration. The falling trend [in popularity] appears to have stopped, and the approval rate has returned to February's level (when the approval rate was 32.2 percent, and the disapproval rate 52 percent).

However, the disapproval rating for the cabinet stood at 51.3 percent, still exceeding the approval rating for the cabinet. Support for the Liberal Democratic Party [LDP] rose slightly to 46.0 percent.

The approval rating for the cabinet immediately after its inauguration last November at 55.7 percent was the second highest in history for a cabinet. Expectations for the cabinet were high initially, but have fallen off sharply since then. Since January of this year, the percentage of people who disapprove of it have continued to top people approving it.

The major reason for an upturn in the approval rate is an increase in support for the cabinet among those supporting the LDP—by 8.5 points to 55.2 percent from less than 50 percent for the previous month. An increase in approval for the cabinet was noted also among those supporting Komeito and the Democratic Socialist Party. Broken down by age, the disapproval rating topped the approval rating in all age groups in the previous month, but this month the approval ratings topped the disapproval ratings for those people 60 years old and above.

As for the reasons given for approval, those citing "defense policy," "administrative and financial reform," and "taxataion reforms" increased slightly, but no major changes were noted. On the other hand, the top reason cited for disapproval of the cabinet was "economy policy," which was second for the previous year. Those citing economic policy as a reason for disapproval grew by 3.6 points to 36.8 percent. The number apparently shows the discontent they have about economic measures. Those citing as the reason for disapproving the cabinet "political ethics and political reform," which ranked No. 1 in the previous month, dropped 7.6 points to 34.2 percent—to the level at the time of the December survey (38.5 percent).

In the rate of support for the parties, the LDP continued to stand way above opposition parties, but failed to return to the 50 percent level.

Among opposition parties, support for the Social Democratic Party of Japan rose very slightly (0.5 points) to 14.5 percent. The rate of support for the Komeito, the Japan Communist Party, and the Democratic Socialist Party were 2.8 percent, 2.0 percent, and 2.3 percent, respectively. Those who say they do not support any party continued to remain at the 30-percent level—30.3 percent this month. The figures appear to say that people still distrust politics and are continuing to leave political parties.

Nakasone Criticizes Idea of Coalition Government

OW2604065392 Tokyo SANKEI SHIMBUN in Japanese 20 Apr 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] Former Prime Minister Nakasone made an appearance on a television program called "News Report: 2001" on the Fuji Television Network on 19 April. In the program, referring to the idea of regrouping political parties, he said: "It is important for the Liberal Democratic Party [LDP] to clearly indicate its policies. It is undesirable for the LDP to misconduct itself with other parties."

In this way, he strongly criticized the idea of regrouping political parties, including the idea of establishing a coalition government which had been proposed by LDP Vice President Kanemaru. On the possibility of simultaneous elections for both the House of Representatives and the House of Councillors, Nakasone said that "if the bills on UN peacekeeping operations (PKO) should fall through, even Prime Minister Miyazawa will be forced to consider simultaneous elections."

He thus made clear his view that simultaneous elections for both houses, with emphasis on Japan's international contribution, such as the PKO, are likely if discussion at Diet sessions is deadlocked due to such blockages as opposition by the Social Democratic Party of Japan [SDPJ] and other parties.

He was asked "what do you think about various ideas of regrouping political parties and of forming a coalition government?" In reply, Mr. Nakasone said: "In short, the LDP should emphasize its policies rather than seeking partners. It is important for the LDP to clearly indicate its policies."

He thus criticized the idea within LDP circles of forming a coalition government with opposition parties. On the specific idea of forming a coalition government proposed by Mr. Kanemaru, who advocates the need for cooperation with the SDPJ, Mr. Nakasone said: "Mr. Kanemaru is only suggesting the idea as strategy. He does not think that such a plan will materialize." His comments made clear that he felt a coalition is a remote possibility.

It is believed that he made these remarks on the basis of his view that the upper house election will take a turn favorable to the LDP if the party clearly explains its policies that attach importance to the growing voices calling for Japanese cooperation. In this way, he checked the idea of regrouping political parties.

His remarks are very similar to those made by LDP General Council Chairman Sato on 14 April, when he said that "we have never dreamed of a coalition with the SDPJ."

There are complicated debates within the government and the LDP over simultaneous elections. On this point Mr. Nakasone said: "A good pitcher never pitches to the same corner. So, everybody pitches different corners. If the worst comes to worst, simultaneous elections are possible. It is possible, but a stag at bay is a dangerous foe."

He therefore strongly hinted there is a possibility simultaneous elections will be held."

On the outlook for possible simultaneous elections, he said: "Opposition parties will be split, while Rengo [National Confederation of Trade Unions] will disappear. The LDP will not lose in the elections."

Since he clearly indicated that the PKO issue holds the key to the question of simultaneous elections, it is expected that his remarks will give impetus to intraparty debate on the issue.

Regarding relations with Russia, he proposed the following method for settling the northern territories issue: 1) Habomai and Shikotan islands should be returned at the conclusion of the peace treaty between Japan and Russia; and 2) Three years after the conclusion of the treaty, Kunashiri and Etorofu islands should be returned.

He reiterated his idea that "the islands should be returned in two stages."

Saying that "President Yeltsin is getting strong domestic support," Mr. Nakasone indicated a foward-looking attitude toward possible progress in talks during President Yeltsin's visit to Japan scheduled for the middle of September.

DSP Considers Formation of New Party

OW2704053192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Apr 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Editorial: "DSP Intentions To Form a New Party"]

[Text] Keigo Ouchi, chairman of the opposition Democratic Socialist Party [DSP], made public his play to form a new party at the party convention. At debates on reorganizing current political parties in Japan, which are expected to surface as a political agenda after the summer upper house elections, some from the ruling Liberal Democratic Party [LDP] are putting forth the idea of forming a coalition government. Chairman Ouchi made public for the first time his plan to create a new party named the "New Democratic Party," claiming that "what the people are hoping for is not the formation of a coalition government." Although the future of his plan to create a new party is unpredictable, it is necessary for political parties to seriously review how Japan's politics should be in the future and translate what they review into action.

We can speculate why Chairman Ouchi mentioned the creation of a new party. He made public his plan to create the new party with the aim of regaining people's trust in politics.

In recent years, not only LDP Diet members, but also opposition Diet members, have been implicated in financial scandals. In various public opinion polls, many respondents answer that "they have no support for political parties." This is an illustration that people are looking at political parties and politicians with suspicious eyes.

First, it is an urgent task for politicians and political parties to shape up their lax posture. As Mr. Ouchi stressed at the party convention, "reforming political parties and politics should be vigorously promoted." If we can no longer expect political purification of the existing political parties, we have no choice but to pin our hopes on a new party.

Second, the DSP has followed a tough path since it was formed. The DSP, which broke away from the main opposition Social Democratic Party of Japan [SDPJ], has been hailed by people for its welfare and other policies, but it has remained caught in confrontation between the LDP and the SDPJ as a minority opposition party. There is little hope for the DSP to increase drastically its seats in the forthcoming upper house elections. Since there is no hope for the DSP to hold any leadership position in a coalition government with the ruling LDP, the only way out might be the creation of a new political party.

Third, national labor union organizations, which have been a powerful electoral base for the DSP, have been dissolved. The national organizations and the General Council of Trade Unions have merged into Rengo [National Confederation of Trade Unions], and this organization, which has grown into a giant trade union with about 8 million members, has come to exercise a decisive influence in national elections. Nevertheless, Rengo has not yet supported any specific party.

Rengo is pursuing the "policy of marshalling political forces capable of running the government in place of the LDP." In this way, Rengo is pursuing a policy similar to that of the DSP, which advocates the need to establish healthy parliamentarism through a change in power. Rengo intends to work out foreign, defense, and energy policies by mid-May, and there is a possibility that, depending on the policies, it will change its attitude toward the SDPJ and the DSP. Chairman Ouchi made public his plan at the party convention with the aim of winning support from Rengo.

Regarding the formation of a new political party, Chairman Ouchi put forward two principles. One is the reorganization of political parties through the breakup of the LDP and another is the transformation of the SDPJ into a party with realistic policies. Neither case is likely to develop. It is necessary to promote "reform of political circles," including political reform and the creation of a new party, to break with conventional politics seeking only rights and interests.

The DSP formulated a new platform. The revitalization of parliamentarism and building Japan into an industrialized nation where people can enjoy physical and spiritual affluence are tasks for the rest of the political parties to grapple with in the future.

Miyazawa, Parties Criticized for 'Incoherence'

OW2204115292 Tokyo CHUO KORON in Japanese Apr 92 pp 96-110—FOR OFFICIAL USE ONLY

[By Kotaro Tawara]

[Text] Although it has been only four months since the inauguration of the Miyazawa government, rumors have been going around that the cabinet is in critical condition. Yet both criticizers and the criticized are incoherent on the problems of political reform and the PKO [peacekeeping operations] bill, and so on. Here is one way to emerge from the tunnel.

Both To Blame for Incoherence

Prime Minister Miyazawa's popularity is not high and at ordinary levels. Frankly, his popularity is at rock bottom and at the worst level. It is very rare in Japanese politics that problems requiring an urgent solution are so conspicuous. These problems are international contributions, adjusting the economy to that of the United States, and political reform. There is no room for doubt that each of these problems is symbolized respectively by participation in PKO, rice liberalization, and electoral redistricting. Nevertheless, it is also very rare that there are not even the slightest clues about how such urgent problems should be solved. The situation is being exacerbated as business conditions worsen and more details emerge surrounding the dirty blackmail scandal involving Diet member Fumio Abe. Furthermore, Miyazawa's way of dealing with the scandal is very imprecise, making it inevitable that he should bear the brunt of concentrated criticism.

Of course, the existing pile of problems can be considered political debts accrued during the half century since the end of the war through complex cause-and-effect entanglements. It was commendable that an ex-prime minister tried to grapple with these problems. But he was not capable enough to solve them. He eventually threw them back in an even more aggravated form. It is impossible that such difficult problems could be solved, by Miyazawa or anyone else, within three or four months after a new prime minister takes office. In the first place, a majority in the House of Councillors are controlled by opposition parties, comprised of obstinate people, making it very difficult, no matter how urgent the problems may be, to revise the law in question and solve the problems. Opposition parties are a cancer in Japanese politics; it follows that the Japanese people should be held responsible for handing them an easy victory during House of Councillors elections three years ago. People are upset with the 3-percent consumption tax, the lowest in the world. The average citizen is used to thinking that others pay taxes while he receives the benefits of social welfare and government subsidies.

Conditions in the business world did not suddenly decline after the birth of the Miyazawa cabinet. Business conditions were already stagnant when the staff of the Economic Planning Agency was supposedly spouting happy-go-lucky nonsense. They flattered the bubble-design tie-loving prime minister by giving undue appraisal to economic conditions, affirming that they would be equal to or near the levels seen during the Izanagi [1966-70] boom. Laying aside the argument about whether the economy is still at bottom or if it has taken a turn upward, it was depressed from the fall of 1990 to the spring of 1991. This is proven by recent data showing increases in corporate tax income and in the number of new car registrations, compared to the same figures of previous years.

The incidents in the Kyowa scandal are alleged to have actually taken place when he was a member of the cabinet. If they indeed did, Kaifu himself cannot be free of his responsibility as Abe's supervisor. According to the media, it seems that Miyazawa is to blame for recommending such a person as a cabinet member. In the first Kaifu cabinet, however, there was someone who, involved in personal scandal and unable to settle the situation, lost his post as chief cabinet secretary. The same person is again showing his face as a key member of the Miyazawa cabinet. Is it that Miyazawa alone is to blame in the latter case for "appointing" the person, and, in the case of Dietman Abe, Miyazawa alone is to blame for "recommending" Abe?

Though my example may be insulting, Kaifu can be compared to a horse cantering along the Kiso River. The horse is registered to race and wins a couple of middle-class races. As the horse gains popularity as a middle-class horse, it turns out that the favorite is unable to run because of a series of accidents. This gives the first horse the opportunity to run in the big race. The horse is none the worse for being unable to compete or incapable. The fans are happy just to see the horse running around the track. Since people are buying betting tickets more to express their appreciation than for the betting itself, no one complains if the horse proves itself mediocre or if their tickets are essentially worthless.

In contrast, Miyazawa is a certified thoroughbred. He debuts at the big race and wins a number of big races. Though once suffering an accident in the final minutes, he appears on the stage, fully prepared to demonstrate just how the elite can run. But his legs prove weak, and spectators who bought tickets expecting certain dividends cast their jeers down from the grandstand.

We cannot help such different responses. That is just the way popular opinion goes. Yet some of the boos directed at Miyazawa are pretty inconsistent. Miyazawa has been under suspicion of draft dodging. The media is persistent on this problem. One opposition Dietman raised this problem in the Diet, with a newspaper in one hand, as usual. This same weapon has been used in the United States to attack Quayle and Clinton. People try to use the same weapon against Miyazawa since he also comes from a political family. Miyazawa has explained that the physical exam required for conscription revealed a tubercular disease. If this is true, of course he should not have been drafted. Since the army lives a group lifestyle, infectious diseases are a serious problem. However unscientific the Japanese Army might have been, this kind of case was rejected.

It is true that during the war certain mechanisms existed to prevent bright young men from dying wasted deaths. The Navy's short-term service system was typical of this. The Navy drafted capable young men before they were grabbed by the Army and tried to keep them safe by assigning them to the rear services, like accounting or legal affairs, where bullets seldom reach. It is a well-known fact that many of these young men later became administrative and financial leaders. For university graduates with excellent school records, there was a system of "special graduate students" exempting them from conscription and granting them large scholarships. People used to say that *tokkensei* [special graduate students] really meant *tokkensei* [privileged students]. Many of these students became academic leaders. Just before the end of the war, when the final battle on the Japanese mainland seemed inevitable, there was even a system, although partial, in which middle school students excelling in scientific subjects were selected for transfer to rural areas, where they were exempt from all labor and able to devote themselves to study.

Neither the short-term service system nor the special graduate student system is particularly to blame. It was a matter-of-course policy for the government, foreseeing defeat, to try to save capable people who might play key roles in future national reconstruction. Anyone could be selected if he could meet certain requirements. One's selection depended, after all, on one's abilities. Totally apart from these systems, many healthy young people tried to contract tuberculosis. But they can hardly be blamed. This might be a man's last choice, to choose tuberculosis, much more feared as an incurable disease than cancer is today, over a forced death.

In Miyazawa's case, he did not apply to either the short-term service or the special graduate student system. It also seems that his lung disease was first discovered during the physical examination for conscription. In those days, it was probably unfortunate that Miyazawa happened to be a grandson of a party politician who, because of his involvement in a scandal, was imprisoned, although the sentence was soon suspended because of his advanced age. In other words, he was a golden child of the old structure, a system always looked upon with disfavor by the Army. He was never in a socially advantageous position except for the fact that he was a promising young official in the Ministry of Finance. To suspect Miyazawa as a draft evader only by pointing to the fact that he was not drafted is just a mean insinuation, although the suspicion results from ignorance on the part of people with no knowledge of the short-term service system and the special graduate student system, no knowledge of the days when tuberculosis was feared as an incurable disease, and no knowledge of the hardships facing party politicians during the war.

Yet it is undeniable that such suspicions influence the masses, creating one reason for Miyazawa's unpopularity. The mass society or information-oriented society tends to sympathize with a tragic hero, and jealousy and envy tend to be amplified. It is true that qualities like: he comes from a distinguished family, he is a genius, he belongs to the conservative mainstream, and he is capable of organizing an authentic government, etc., can on their own be to his advantage. On the other hand, however, they can handicap him. Although Miyazawa seems aware of his situation, he fails to deal with it adequately.

It was during his campaign for the LDP [Liberal Democratic Party] presidency that Miyazawa, after talking with Kissinger in English, brought Rie Miyazawa [famous Japanese model] into the assembly hall and let her say something like her grandfather's name was also Kiichi. Though it is not known whether the idea was proposed by the actress-loving Secretary General Abe or someone else, it was foolish for his aides to stage this episode. Miyazawa is also to blame for going along with this, although it must have been his intention to bolster his popularity through this performance. It turned out that his performance was interpreted merely as him making fools of the people, a common inclination of geniuses, by showing off his abilities and by displaying his contempt for the masses at the same time.

Expressions like "a nation with personality" or "a society with dignity" which Miyazawa introduced as catch phrases when he became prime minister, sound strange when combined with "lifestyle superpower." It is common sense that one should not meanly stick to quality of life if he pursues personality or dignity. Besides, when using high-quality words like personality or dignity on the one hand, he uses the stinking word "superpower," revealing an upstart disposition. This cannot be considered normal. If Miyazawa really thinks these catchphrases are nice, I am afraid he is losing his sense of perspective. If his real intention is to pursue personality and dignity, but he added quality of life in order to take the feelings of the masses into consideration, it is natural that he will be severely criticized for making a fool of the masses.

Needless to say, we can maintain personality and dignity even if we live in poverty. Living status and mental status are two different matters. Yet, this statement may be criticized as mere theory. They may quote the saying that poverty dulls the wit. However, there are no homeless people in Japan creating a social problem, and Japanese people are not gasping under food shortages or hyperinflation. They lives exceptionally rich lives compared to the rest of the world, all in a very equitable fashion. If the prime minister of such a country pursues more affluence, his attitude, seen from outside, might be considered haughty or insatiably greedy.

As a matter of fact, the insatiable eagerness of Japanese enterprises to grow is subject to criticism throughout the world. Under the circumstances, Miyazawa should have paid more attention to this in expressing his intentions. If his true intention in forming a "lifestyle superpower" was to improve social infrastructure by expanding domestic demand and to qualitatively improve the people's lives accordingly, it was formulated in order to conform to global trends and should not be subject to criticism from outside. Miyazawa's "double assets theory," proposed four years ago when he competed with Takeshita and Abe for leadership of the post-Nakasone government, was based on the same intention. It was also open to criticism because of its inopportune name.

Although the media has been pretty hard on Miyazawa, I am afraid I have not heard them criticizing him in this context. Supposedly, they are both to blame for being incoherent.

Staff Officer Leadership Required

Both Miyazawa's explanation to the Diet of his understanding of the ethics of American workers, which created an international sensation, and media reports on the situation were improper. It is true that the main cause of the excitement was the foreign correspondents' poor grasp of the Japanese language, leaving them unable to precisely understand Miyazawa's explanation. But the Japanese media should have known that the explanation did not mean to criticize the work ethic of American workers. The Japanese media should have first confirmed the fact that the report was based on a misunderstanding and that the excitement was based on false reports. But they reported the misunderstood contents of the explanation as an objective fact.

There was fault on Miyazawa's side. When asked for his views on the cause of economic stagnation in the United States, Miyazawa pointed out the harmful effects of the short-range management appraisal system that generates money-making games on a widespread scale and results in a declining sense of worth for that which is earned with the sweat off one's brow. Although Miyazawa's statement was not at all wrong, there was an element missing that he should have pointed out as a major premise of his statement.

First, the United States has been forced to bear enormous military expenditures in coping with the communist bloc. This has weakened its basic physical strength as financial deficits have increased, creating an ill effect on the economy and causing shortages in financial investments in various fields, ranging from improving the industrial foundation to education. Second, the United States, as leader of the free world, had to accommodate many refugees from the SRV, Latin America, and many other countries, a situation that engendered uneconomic factors like social disorder, increases in spending on social programs, and increasing difficulties with labor management. Third, the U.S. economy, which used to be absolutely superior, weakened its competitiveness as it was forced to open, partly for political purposes, its markets to their former enemies West Germany and Japan, because these countries were located

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Daily Report

East Asia

FBIS-EAS-92-081
Monday
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Daily Report
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Quadrilateral Meeting Held To Prod GATT Talks

Ministers Arrive; Session Previewed

OW2404124892 Tokyo KYODO in English 1231 GMT 24 Apr 92

[By Ikuji Nakaya]

[Text] Kitashiobara, Fukushima Pref., April 24 KYODO—Trade ministers from several major economic powers arrived Friday at this northern Japanese resort for a three-day meeting, hoping to map out plans for an early conclusion of the long-stalled Uruguay Round of multilateral trade talks.

Kozo Watanabe, Japanese minister of international trade and industry, noted at an opening reception that the world is focusing on whether the participants will be able to open the way for an early resolution of the global trade negotiations, which are being held under the auspices of the General Agreement on Tariffs and Trade (GATT).

Besides Watanabe, U.S. Trade Representative Carla Hills, European Community (EC) Commission Vice President Frans Andriessen, and Canadian International Trade Minister Michael Wilson will be attending the discussions that get under way Saturday morning.

The meeting here at the Urabandai Royal Hotel in Kitashiobara, Fukushima Prefecture, near Lake Inawashiro, will last through Sunday.

The current round of 108-nation GATT trade talks, launched in 1986, has yet to be concluded, largely because of differences over farm policies.

On Wednesday, U.S. President George Bush, Jacques Delors, president of the EC Commission, and Portuguese Prime Minister Anibal Cavaco Silva, president of the EC Council, met in Washington and agreed to seek "concrete progress" to break the trade deadlock by the end of June, before the scheduled July meeting in Munich of leaders of the group of seven (G-7) leading industrialized nations.

The GATT talks will be the focus of discussion Saturday morning. Possible assistance to the former Soviet republics is likely to be discussed over a dinner hosted by Watanabe on Saturday evening.

A bilateral meeting between Watanabe and Andriessen is also expected on Saturday, with the spotlight on such issues as restraining Japanese car exports to the EC.

On Sunday, ministers will exchange views on post-Uruguay Round issues like the relationship between trade and protection of the environment, as well as on anticompetitive measures in trade.

Commenting on the possibility of a U.S.-EC bilateral meeting, Hills described it as "most likely," while Andriessen said that while he does not intend to "negotiate," there will be plenty of time to see each other to create a better climate.

According to a Japanese Government source, a separate Watanabe- Hills meeting will take place in Tokyo on Monday.

Talks Open 25 April

OW2504011792 Tokyo KYODO in English 0042 GMT 25 Apr 92

[Text] Kitashiobara, Fukushima Pref., April 25 KYODO—Trade ministers from four major economic powers met Saturday [25 Apr] in this northern Japanese resort for talks aimed at prodding stalled global trade talks.

U.S. Trade Representative Carla Hills, European Community (EC) Commission Vice President Frans Andriessen, Canadian International Trade Minister Michael Wilson, and Japan's Minister of International Trade and Industry Kozo Watanabe, are to seek ways to contribute to the Uruguay Round of talks.

Those talks, held under the auspices of the General Agreement on Tariffs and Trade (GATT), are deadlocked mainly over farm trade.

Watanabe, host of the 21st quadrilateral meeting that ends Sunday, was to urge his counterparts to seek a major breakthrough in the trade talks by the end of June, before a July meeting of the heads of seven major industrialized nations in Munich, senior Japanese Government sources said.

Asked what kind of proposal Japan is willing to make, the sources said Japan must first identify "new ideas" discussed Wednesday in Washington by the United States and the EC.

U.S. President George Bush met with EC Commission President Jacques Delors and Portuguese Prime Minister Anibal Cavaco Silva, who holds the EC's rotating presidency, to agree on sorting out "concrete progress" by the end of June after exchanging the new ideas. Details of the ideas were not disclosed.

The four trade leaders are also expected to discuss possible aid to the former Soviet Union at the session, which opened Friday with a banquet.

Later Saturday, Andriessen and Watanabe are to meet in Fukushima City for bilateral talks expected to include an exchange of views on such issues as cutting Japan's auto exports to the EC.

Participants at the quadrilateral meeting are to take an afternoon excursion to historic and scenic spots near the conference site, including Tsuruga Castle in Aizu Wakamatsu City.

Ministers Fail To Break Deadlock

OW2504044992 Tokyo KYODO in English 0433 GMT 25 Apr 92

[Text] Kitashiobara, Fukushima Pref., April 25 KYODO—Top trade officials from four major economic powers failed

Saturday to give direction to the long stalled global trade talks, a Japanese Government source said.

U.S. Trade Representative Carla Hills, European Community (EC) Commission Vice President Frans Andriessen, Canadian International Trade Minister Michael Wilson, and Japanese International Trade and Industry Minister Kozo Watanabe will continue the discussions Sunday at this northern Japanese resort, the source said.

"There won't be anything coming today that I can tell you of," the source said.

The trade officials are seeking ways to prod along the Uruguay Round of talks held under the auspices of the General Agreement on Tariffs and Trade (GATT), which are deadlocked mainly over farm policy disputes between the United States and the EC.

They actively debated the status of the GATT talks, what participants could do to bring them to a successful conclusion, and times and places for further talks, said the source, who attended the conference.

The source said the U.S. and EC sides described talks they had held Wednesday in Washington as helpful, but they failed to break their deadlock.

According to another senior Japanese Government official, who declined to be identified, Watanabe asked the U.S. and the EC to explain the "new ideas" that President George Bush, EC Commission President Jacques Delors, and EC Council President Anibal Cavaco Silva discussed at their Washington summit.

But both sides refrained from giving a clear picture of those talks, the official said.

He said Hills criticized a Japanese list of agricultural products for which domestic protection is to be reduced as being less open than its list for the industrial sector. The official took Hills' comment as a call for Japan to open its market to rice imports.

Watanabe urged Hills to review a U.S. draft to limit application of most-favored-nation (MFN) trade status if countries do not accept U.S. requests to liberalize their telecommunications markets, the official said.

The Japanese trade minister also called on Canada and the EC to present as soon as possible their support-reduction list for industrial products, the official said.

Further on Results of 1st-Day Talks

OW2504085892 Tokyo KYODO in English 0847 GMT 25 Apr 92

[By Ikuji Nakaya]

[Text] Kitashiobara, Fukushima Prefecture, April 25 KYODO—The top trade officials from the world's four major economic powers Saturday failed to come up with ways to conclude the lagging Uruguay Round of multilateral trade talks, Japanese Government sources said.

The quadrilateral talks are being held in Kitashiobara, a northern Japanese resort, by European Community (EC) Commission Vice President Frans Andriessen, Canadian International Trade Minister Michael Wilson, U.S. Trade Representative Carla Hills, and Kozo Watanabe, Japan's minister of international trade and industry.

They will continue seeking ways to give direction to the long- stalled trade talks held under the General Agreement on Tariffs and Trade (GATT), at their working breakfast meeting Sunday, the sources said on condition of anonymity.

Watanabe will propose ending controversial farm negotiations by the end of June, with an eye toward concluding the Uruguay Round negotiations this summer, a top Japanese government source said.

The present situation in the trade talks, what participants must do to end them successfully, and schedules of further negotiations were discussed at the first plenary session of the four-way ministerial meeting, which lasted for more than three hours.

The current round of trade talks, more than five years old, have been deadlocked mainly due to differences over agricultural policies, including farm subsidies.

Negotiators failed to meet an Easter deadline to end the talks set by GATT Director General Arthur Dunkel.

In Washington on Wednesday, President George Bush met with EC Commission President Jacques Delors and EC Council President Anibal Cavaco Silva, who is also the Portuguese prime minister, to seek ways to break the impasse.

Instead, they exchanged undisclosed "new ideas," and failed to advance the talks.

A Japanese Government source, who attended the Saturday meeting, quoted Andriessen as saying the EC was "more encouraged than discouraged" by Wednesday's summit and similar remarks came from Hills.

But the source said technical aspects of the "new ideas" were left untouched, despite Japan's request for their clarification.

As for what negotiators can do to end the talks successfully, the EC delegation repeated its call for eliminating remaining high tariffs en route to achieving breakthroughs in market access.

Watanabe suggested establishing a multilateral trade organization (MTO) to enhance GATT's dispute-settling capability, by using the MTO to analyze and monitor trade policies.

The Japanese trade minister, referring to current developments in the multilateral negotiations, expressed concern about delays by some countries in their presentations of plans to reduce tariffs on industrial products.

Watanabe also criticized a U.S. draft proposal to limit application of most-favored-nation (MFN) trade status if countries do not accept Washington's requests to liberalize their telecommunications market.

Participants remained split on a possible separation of farm talks from other fields such as services trade, the source said.

The issue has been supported by those who hope to speed up the talks by making such a separation, but farm exporters and developing countries are reluctant to do so.

No direct reference was made to Japan's opening of its rice market, the source said. Rice is currently protected under claims that Japan needs to be self-sufficient in its staple food for security reasons.

The source said he could feel "enthusiasm" by participants at this weekend's meeting to tackle the trade deadlock, but "whether there is a wisdom (for a solution)" is another matter.

In the evening, the trade ministers are to discuss aid to the former Soviet Union, but they May also refer to the Uruguay Round.

A senior Ministry of International Trade and Industry (MITI) official said the assistance to the Commonwealth of Independent States (CIS) will focus on transforming the military industry to private industry, dissolving monopolies to beef up competitiveness, possible GATT membership for the republics, and nurturing of small and medium-sized corporations.

The second round of the meeting will be held Sunday, the final day of the three-day session, where post-Uruguay Round negotiations are expected to be on the table.

Watanabe plans to make a three-point proposal on the relationship between trade and the environment.

He is expected to call for countries to have domestic restraints on environmentally hazardous goods before imposing restrictions on trade in those goods, minimizing the effects of trade limitations, and developing international rules for such limitations.

Participants also are to exchange views on trade and competition policies.

Initially, the ministers were to discuss Asian topics such as possible GATT membership of China and Taiwan at their Sunday working breakfast.

Ministers Discuss Aid to CIS

OW2504161892 Tokyo KYODO in English 1511 GMT 25 Apr 92

[By Ikui Nakaya and Keiko Tatsuta]

[Text] Kitashiobara, Fukushima Pref., April 25 KYODO—The top trade officials of four major economic powers Saturday supported Russia's membership in the General Agreement on Tariffs and Trade (GATT), a senior Japanese Government official said Saturday.

The representatives from the United States, Canada, the European Community, and Japan all showed understanding on the idea, said the official, who spoke on condition of anonymity.

The officials discussed the topic over a dinner hosted by Japanese Minister of International Trade and Industry Kozo Watanabe in Fukushima Prefecture, where they are holding a three-day quadrilateral trade meeting.

The issue was brought up by Watanabe, who seeks to offer what help Japan can give to Russia within the limits it imposes due to a territorial dispute, the official said.

The four officials also supported future GATT membership for China and Taiwan, an issue also raised by Watanabe.

The official said they all expressed understanding toward measures taken by China and Taiwan to attain membership.

Watanabe, EC Commission Vice President Frans Andriessen, U.S. Trade Representative Carla Hills, and Canadian International Trade Minister Michael Wilson also discussed possible assistance to the Commonwealth of Independent States (CIS) focusing on microeconomic areas, the official said.

These include supporting disintegration of monopolies to create competition, converting military industry to private production, nurturing small and medium firms, attracting foreign investment, and industrial cooperation.

The topic is due to be continued at a meeting of trade and economic ministers May 7-9 in Munster, Germany, where several countries from the West and the former Eastern Bloc will meet mainly about possible microeconomic assistance to former communist nations.

Watanabe's participation in the Munster meeting is yet to be decided, the official said.

The officials reportedly did not talk about the deadlocked GATT Uruguay Round of multilateral trade talks but are expected to exchange views on the subject at a working breakfast Sunday, and possibly at the second plenary session of the meeting.

They failed to map out any specific plans to break the impasse at the first plenary session Saturday morning, largely hindered by disputes on farm policy.

During the morning session, Watanabe suggested a deadline be set to conclude the stalled talks, a top government source said.

Watanabe is expected to propose at the Sunday working breakfast that "this summer" be a target to wrap up the round which started in 1986, the source said. A more precise time was not given.

The officials generally agreed it is necessary to proceed with the trade negotiations without break and shared hopes of putting forward other issues, such as services and legal drafting, separately from the deadlocked agricultural issues, the source said.

He said he believes both the U.S. and EC will make every effort to settle their dispute over farm policies by the end of June before the Munich summit of seven major industrial nations scheduled for early July.

EC Concerned Over Tokyo's Policies

OW2504094092 Tokyo KYODO in English 0932 GMT 25 Apr 92

[By Keiko Tatsuta]

[Text] Kitashiobara, Fukushima Prefecture., April 25 KYODO—The European Community (EC) expressed concern Saturday over Japanese trading policies that seemingly favor the United States, a Ministry of International Trade and Industry (MITI) official said.

During a meeting with MITI Minister Kozo Watanabe, EC Commission Vice President Frans Andriessen suggested Japan's market liberalization steps are drawn up to please U.S. interests, citing a Japan-U.S. automobile agreement reached in January, the official said.

Watanabe and Andriessen are here for a three-day trade ministers' meeting which ends Sunday, together with U.S. Trade Representative Carla Hills and Canadian International Trade Minister Michael Wilson.

Referring to the recent expansion of the EC's trade deficit with Japan, Andriessen said he cannot help worrying about whether the trade imbalance has been artificially caused, regardless of EC industries' competitiveness, the official said.

Andriessen was quoted as saying the EC cannot complain about a trade imbalance as long as it occurs under normal competition.

Watanabe said Japan will equally apply to third countries the trading policies embodied in the "Action Plan" agreed between Prime Minister Kiichi Miyazawa and U.S. President George Bush in January, the official said.

Under the plan, Japanese automakers agreed to try to increase purchases of U.S.-made parts to 19 billion dollars in fiscal 1994 from 9 billion dollars in 1990.

Watanabe explained the figure was offered on the basis of the private sector's judgment, saying Japan will seek a more favorable relationship with the 12-nation trading bloc so as not to be misunderstood, the MITI source said.

Andriessen said, however, he doubts the results of the Structural Impediments Initiative (SII) between Japan and the U.S. will be implemented, while acknowledging Japan's faith to treat each trading partner equally.

Statistics and public opinion sometimes contradict Japan's assertions, Andreissen was quoted as saying.

As favoring bilateral negotiations over multilateral ones could conflict with international trade rules like the General Agreement on Tariffs and Trade (GATT), Andriessen said the EC will try to avoid an approach like the SII, according to the official.

Both said they were very happy to have concluded talks on monitoring Japanese vehicle exports to the EC, the official said.

Japan has just agreed to cut its 1992 car exports to the EC by some 6 percent from the 1991 level to about 1,185,000 vehicles [sentence as received].

Japan

Commentary on G-7 Joint Communique Reported

Kato Views Tokyo's 'Principle'

OW2704083292 Tokyo NHK General Television Network in Japanese 0300 GMT 27 Apr 92

[Text] Referring to the G-7 industrialized nations' joint communique in which they agreed to provide $24 billion to Russia, Chief Cabinet Secretary Koichi Kato said the agreement does not contradict Japan's principle of not separating political considerations from economic interests.

Kato said that the $24 billion in financial aid to Russia, which the G-7 nations agreed on in the joint communique, would be provided through international organizations like the International Monetary Fund; the agreement calls for no further financial support from Japan. Thus, it does not contradict the principle of not separating political considerations from economic interests, Kato said. In this way, Kato indicated that the financial aid to Russia which the G-7 nations agreed on does not contradict Japan's principle in which Japan expresses its intention not to begin full-scale financial assistance to Russia unless the northern territorial issue is settled.

Communique Called 'Wishy-Washy'

OW2704101892 Tokyo KYODO in English 1008 GMT 27 Apr 92

[By Mitsuru Mabuchi]

[Text] Washington, April 27 (KYODO)—The world's seven richest countries have agreed on the diagnosis of the world economic health but none of them was willing to take the medicine they have prescribed themselves.

As a result, they have come up with a wishy-washy communique that will not give any substantial help to the ailing world economy, economists said.

But the economists argued that Japan should take the pill anyway for its own good.

The Group of Seven (G-7) major industrial countries released a communique on macroeconomics, which called on each country to tackle their own economic malaises, thereby contributing to global growth.

In particular, it called on Japan to boost domestic demand to reduce its trade surplus and for Germany, which has been under fire for its mix of tight monetary policy and loose fiscal policy, to "follow a balanced policy approach."

Both Japanese and German policymakers cited economic concerns as they spurned such calls even before the beginning of the G-7 meeting, which involved top economic policymakers from Britain, Canada, France, Germany, Italy, Japan, and the United States.

"It seems all the major industrial countries are intent on pursuing domestic policy goals, not international policy goals," said Russell Jones, senior economist at UBS Phillips and Drew International.

While admitting Germany is in very hot water and cannot move immediately, analysts say Japan should follow the G-7 advice if it wants to secure recovery and trim trade surplus.

"G-7 pressure or not, Japan should take additional fiscal stimulus for its own good and that as early as possible" said Masaru Takagi, chief economist at the Fuji Research Institute.

If Japan fails to do so, the "trade surplus will go through the roof," Jones said.

Finance Minister Tsutomu Hata responded to the G-7 call by arguing that Japan has done enough and doing more will only create inflation.

Hata found some supporters among economists in the private sector.

"I think it is fair to say that the Japanese have done rather a lot already to try to support their own economy and ultimately to support the rest of the world through higher domestic demand and ultimately higher imports," said Stephen King, a London-based international economist with James Capel and Co.

"The situation currently is one where policy has been eased quite significantly already and I think the danger would be that if the policy were eased any further, then Japan would be in danger of experiencing a rerun of what we saw in the late 1980s, in terms of asset price booms or possible increases in inflationary pressures," he said.

But Russell Jones said he is "not convinced that Japan has done enough."

He predicted that it will take a year and a half for the growth of the Japanese economy to hit its potential, which he estimated to be between 3.7 and 4.0 percent annually.

Fuji Research's Takagi said Japan is the only country among the G-7 members that can implement the measures called for in the communique.

G-7 ministers apparently shared Takagi's perception.

"Obviously, the Japanese have some room on the fiscal side and I think that was acknowledged," said Donald Mazankowski, Canada's finance minister, after the Sunday meeting.

Both Takagi and Jones look for a sizable supplementary budget in fall to follow through the spending package which Japan unveiled a month ago.

Official Gives 'Cold Shoulder' to U.S. Remarks

OW2504235092 Tokyo KYODO in English 2325 GMT 25 Apr 92

[By Mitsuru Mabuchi]

[Text] Washington, April 25 KYODO—A top official of Japan's Ministry of Finance (MOF) Saturday sniped at a United States call on Japan to take additional steps to boost its flabby economy, and said Tokyo has no plan to do so.

The official criticized U.S. Treasury Undersecretary David Mulford's remarks urging Tokyo to provide more monetary and fiscal stimulus to rev up the economy.

The official, who declined to be identified, said suggesting further monetary easing would spoil the effects of previous interest rate cuts by creating expectations in the market for another cut and leading companies to delay borrowing money for investments.

"We have no plan for additional measures whatsoever," he told reporters at the new Tokyo International Airport at Narita just before leaving for meetings in Washington.

"Saying that kind of thing will only backfire and demolish the effects of the measures we have already taken," he said.

The Japanese Government announced a fiscal spending package on March 31 to enliven sluggish domestic demand, and the Bank of Japan lowered the official discount rate the following day by 0.75 percentage point to 3.75 percent.

Mulford said at a press conference Thursday that Japan should cut interest rates further and take budget action to help get its faltering economy back in shape.

"We feel Japan has some room for maneuver," he said.

The MOF official said, "Making such comments in public is queer."

The MOF official's cold shoulder to the U.S. request came hours before Finance Minister Tsutomu Hata was to meet U.S. Treasury Secretary Nicholas Brady in Washington prior to the meeting of top financial officials of the Group of Seven (G-7) leading industrial countries.

In the meeting, scheduled Saturday afternoon, Brady is expected to press Japan to shore up weak domestic demand to provide a boost to world economic growth and help reduce Japan's growing trade surplus.

MOF officials said Hata will explain the steps that Japan has already taken to support the economy, seeking to convince the U.S. that the measures eventually will put the Japanese economy back on an upward course.

The MOF official said the recovery will come earlier than many economists in the private sector believe.

"We are already seeing some bright signs," he said, pointing to signs the declining housing sector has bottomed out.

"The economy will take an upturn before too long."

Hata Meets With U.S. Treasury Secretary Brady

OW2604023192 Tokyo KYODO in English 0212 GMT 26 Apr 92

[By Mitsuru Mabuchi]

[Text] Washington, April 25 KYODO—U.S. Treasury Secretary Nicholas Brady called Saturday for a long-term commitment from rich nations to give massive financial assistance to the former Soviet republics, noting the existing mammoth Western aid package will provide relief only for this year.

Brady, in a meeting with Japanese Finance Minister Tsutomu Hata, also sought additional steps from Tokyo to rev up its flagging economy, raising the specter of protectionist sentiments, an official of Hata's ministry said.

Brady said the 24 billion dollar aid package the industrial world has already pledged to the former Soviet Union covers only this year, and the real problem is beyond 1992, the official said.

Western countries should consider assistance from a "long-term point of view," to those republics, who face severe economic problems while undergoing a painful metamorphosis, Brady was quoted as saying.

His call came just before the top financial officials of the Group of Seven (G-7) economic powers get together in Washington to discuss the issue of aid to Moscow.

In a working dinner Saturday, the G-7 officials discussed a detailed blueprint for such aid.

Brady's remarks apparently underscored the Japanese delegation's largest worry over the issue, the prospect of being forced to commit to additional assistance to the former Soviet republics, a Japanese diplomatic source in Washington said.

"The G-7 will have to discuss the aid for the years beyond 1992 at their summit meeting in Munich in July," the source said.

"Financial officials in Tokyo fear that they might be pinned down on aid for years to come," he said.

Japan, which has a long-standing dispute with Moscow over the sovereignty of four islands off Hokkaido, has been hardfisted about any large-scale financial assistance to Russia.

As the U.S. has become eager about such aid, Tokyo financial officials are concerned Japan might be isolated on the issue.

Although nobody can really fathom the real scope of assistance the 15 republics including Russia will need, some figures have already been mooted.

Michel Camdessus, managing director of the International Monetary Fund (IMF), said recently their finance requirements could easily amount to 140 billion dollars over the next four years or so.

He said the IMF and the World Bank will invest between 37 to 45 billion dollars in the former Soviet Union states during that period, leaving a gap of 100 billion dollars.

In response to Brady's remarks, Hata said Japan is willing to provide assistance to Russia and the other former republics making strenuous self-help efforts, despite the territorial dispute, the ministry official said.

On the sluggish world economy, Brady stressed the importance of boosting global economic growth, arguing each country should do what it can.

If the world economy remains weak, there is a possibility protectionism will raise its ugly head, Brady reportedly said, citing Japan's growing trade surplus.

Brady asked if there is anything Japan can do, according to the official, in an apparent suggestion Tokyo should take additional measures to spur its domestic demand.

Hata rejected the call, claiming Japan has already done enough, and more stimulus could ignite inflation.

He said the pump-priming economic package the government unveiled March 31 and the cut in the official discount rate the following day will give sufficient thrust to the Japanese economy.

These measures will show their effects in coming months, Hata was quoted as telling Brady.

U.S. Representative Hills Meets With Miyazawa

OW2704123192 Tokyo KYODO in English 1224 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—U.S. Trade Representative Carla Hills urged Japan on Monday to expand imports in order to reduce its growing global trade surplus, Japanese officials said.

The officials said Hills, who attended quadrilateral trade talks last week in northern Japan, made the appeal during an afternoon meeting with Prime Minister Kiichi Miyazawa at the prime minister's official residence.

Hills and Miyazawa exchanged views on pending global and bilateral issues, including farm trade and Japan's trade surplus, the officials said.

They said Hills urged Japan to try to reduce its trade surplus and open its market wide to foreign firms, including semiconductor makers, to help stimulate domestic demand.

She expressed hope for early conclusion of the Uruguay Round of world trade negotiations, which are being held under the auspices of the General Agreement on Tariffs and Trade (GATT), they said.

Miyazawa explained Japan's agricultural policy aimed at continued self-sufficiency in rice production and detailed a package of economic measures to shore up the sagging domestic economy, including the front loading of expenditures for public works projects, the officials said.

They said Hills told Miyazawa she is aware of the political background preventing Japan from opening its rice market to imports.

Miyazawa promised to study what Japan can do in response to a U.S. request for eased restrictions on foreign lawyers doing business in Japan, the officials said.

Hills later conferred with Masami Tanabu, minister of agriculture, forestry and fisheries, on the Uruguay Round trade talks and reduction of import restrictions on farm products, the officials said.

Hills charged that Japan failed to comply with a draft agreement on farm trade prepared by GATT Director General Arthur Dunkel and urged Japan to replace rice import restrictions with tariffs, they said.

Tanabu reiterated Japan's claim that the draft is unfair to farm importing countries and called for negotiations to straighten out differences between exporting and importing nations, the officials said.

They said Hills challenged Japan's demand for multilateral talks to deal with Japan's restrictions on imports of skimmed milk, milk-based products and starch. GATT officials have ruled that the restrictions violate trade regulations.

Hills argued that the matter should be discussed in bilateral rather than multilateral negotiations, the officials said.

Hills also warned that Japan's waning appetite for foreign-made semiconductors could cause serious friction, citing the Japan-U.S. Semiconductor Agreement, in which Tokyo said it would try to expand their share in Japan.

Watanabe, however, argued that Japan is trying, saying the Ministry of International Trade and Industry (MITI) asked 200 domestic firms earlier this month to beef up imports of computer chips.

The bilateral agreement targets imported semiconductors to acquire more than 20 percent of the Japanese chip market by the end of 1992.

The slowdown in the Japanese economy, however, has reduced demand for chips. Analysts, therefore, expect fierce debate on the issue among Japanese and U.S. industry officials during the talks scheduled for June.

BOJ Cautious About U.S. Economic Recovery

OW2704102792 Tokyo KYODO in English 1017 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—The Bank of Japan on Monday indicated a cautious outlook about the recovery of the U.S. economy due to unstable economic indicators.

In a report on overseas economic conditions, the central bank said the reasons for its cautious attitude include fluctuating corporate outlays for investment in plants and equipment and slow recovery of the employment situation.

The bank's view conflicted with growing optimism among some economists that the U.S. economy has stopped declining.

Watanabe Wants 'New' Relationship With Russia

OW2404154492 Tokyo KYODO in English 1533 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—Foreign Minister Michio Watanabe said Friday that the long-standing territorial dispute between Japan and Russia over four islands can be solved by following "law and justice."

In an interview with the Russian daily KOMSOMOLSKAYA PRAVDA, Watanabe said he wants to build a new Russia-Japan relationship by overcoming obstacles hindering the conclusion of a peace treaty.

Watanabe is set to visit Moscow from next Wednesday.

He said that during his trip he aims to help pave the way for settlement of the territorial dispute when Russian President Boris Yeltsin visits Japan in September.

Referring to democratic reform efforts in the Commonwealth of Independent States (CIS), Watanabe said, "it is a serious issue that can even change the framework of world peace. Japan wants to cooperate."

Plans To Raise Territorial Issue

OW2604082092 Tokyo KYODO in English 0744 GMT 26 Apr 92

[Text] Tokyo, April 26 KYODO—Foreign Minister Michio Watanabe will discuss Japan's territorial dispute with Russia during a visit to three countries in the Commonwealth of Independent States (CIS) starting Wednesday [29 April].

The high point on the agenda during the visits will be a meeting with Russian President Boris Yeltsin on May 4.

Their discussions are expected to focus on the question of a return to Japan of four islands to the east of Hokkaido seized by the former Soviet Union at the end of World War II.

The islands are known in Japan as the northern territories and include the islands of Shikotan, Kunashiri, Etorofu and Habomai Islets.

A high-ranking official in the Foreign Ministry said the government hopes to persuade Yeltsin on the issue by "making good use of Watanabe."

The official said the government's strategy is to create the conditions for a recognition of the four islands as inherently Japanese territory. Russia has said it wants to solve the issue based on law and justice.

At bilateral talks in March, Russian Foreign Minister Andrey Kozyrev told Watanabe that Russia considers itself the successor to a 1956 Japan-Soviet declaration on the disputed islands as well as other international treaties entered into by the former Soviet Union.

Under the 1956 declaration, the Soviet Union said it would return Shikotan and the Habomai islets after concluding a peace treaty.

Japan and the Soviet Union have so far failed to sign a formal peace treaty.

This suggested a recognition of the inevitability of a return of the two islands, while permitting the commencement of unofficial negotiations over the return of the remaining larger islands.

But in a speech on April 18, Watanabe called for the immediate return of the Habomais and Shikotan and suggested that if Russia at least recognized Japan's sovereignty over Etorofu and Kunashiri, Japan would accept temporary Russian administration over the region.

The Russian paper IZVESTIYA followed this up Tuesday with the assertion that Russia is obliged to return only the Habomais and Shikotan.

One informed source familiar with Russo-Japanese relations said Yeltsin intends to seek to shelve the question of a return of Etorofu and Kunashiri through continued negotiations because he does not want to risk upsetting public opinion in Russia.

The source said the Russian leadership is claiming the islands cannot be sold for money, whereas Japan's cooperation is an important factor in the reform of Russia's economy.

"The perception is spreading that the four islands are a handicap," the source said.

Japan has since shown flexibility in interpreting its stated principle that politics and economics cannot be separated in any solution to the territorial dispute. It has contributed know-how and personnel toward democratization and economic reform in Russia.

But there has been no backing away from its stand that a solution to the territorial dispute is required before any large scale monetary assistance is forthcoming.

Japan is expected to make this same stand known to other participants at the July summit of leaders of the seven most industrialized nations (G-7) in Munich, Germany.

Watanabe told the House of Representatives Committee on Foreign Affairs on Wednesday that he hopes for support from other G-7 countries for a solution to the dispute.

Stresses Mutual Concessions

OW2704113992 Tokyo KYODO in English 1134 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Foreign Minister Michio Watanabe stressed the need Monday for mutual concessions from Japan and Russia to resolve the long-standing territorial dispute over four islands off eastern Hokkaido.

Watanabe said in an interview with KYODO News Service that he proposed a two-stage formula for a peaceful settlement of the territorial issue because he wants the Japanese people to understand that a realistic approach to the problem is required.

On April 18, Watanabe said that Japan would temporarily grant Russia administrative rights over the two most populous islands, Kunashiri and Etorofu, after the conclusion of a peace treaty, on condition that Russia confirms Japanese sovereignty over all four islands.

Japan has called for the simultaneous return of all the islands as a precondition to the conclusion of the peace treaty. Soviet troops seized the island at the end of World War II.

In the interview made prior to his visit to Russia in early May, Watanabe reiterated Japan's flexible stance on the dispute, saying that Tokyo is ready to discuss the timing, conditions, and ways to revert the islands to Japan if Russia agrees to grant Japan sovereignty over them.

Watanabe said he will visit Moscow to pave the way to make Russian President Boris Yeltsin's visit to Japan fruitful. The Russian president's visit to Tokyo in September is expected to make a breakthrough in the territorial dispute.

Asked about his meeting with Yeltsin in Moscow on May 4, Watanabe said he should state Japan's principles on the territorial problem because the talks will be the first territorial negotiations with the Russian president.

In Moscow, Watanabe will also confer with his Russian counterpart Andrei Kozyrev on May 3 and 4 for their second Japan-Russia regular ministerial meeting.

Prior to his visit to Moscow, the Japanese foreign minister will visit Kazakhstan and Kyrgyzstan after leaving Tokyo on Wednesday.

Hokkaido Governor Welcomes Russian Islanders

OW2404084792 Tokyo KYODO in English 0620 GMT 24 Apr 92

[Text] Sapporo, April 24 KYODO—Hokkaido Gov. Takahiro Yokomichi on Friday welcomed 19 Russian residents of disputed islands off northern Japan at the prefectural government office.

"I'm glad to greet guests who have turned over a page of history," said Yokomichi, adding that he welcomes the Russian group on behalf of Hokkaido residents.

M.I. Tereshko, head of the group and chairman of the Southern Kuril Regional Assembly, told Yokomichi that apart from "high-level" politics between Tokyo and Moscow, "we should deepen mutual citizen-level exchanges."

Tereshko asked the governor to join a group of Hokkaido residents originally from the islands who plan to visit the four islands May 11. Yokomichi, however, said it would be difficult for him to participate in the visit.

The visiting Russians, whose homes are on Shikotan, Kunashiri and Etorofu, include administrators of the islands, journalists, pensioners and fishery industry workers.

The islanders, who arrived at a Hokkaido port Wednesday, are the first residents of the islands to enter Japan without visas, based on an agreement reached last October between Japan and the former Soviet Union to expedite visa-free visits.

Japan has long called for the return of the three islands and the Habomai Group of islets, which the former Soviet Union seized at the end of World War II.

The Hokkaido government on Friday set up the Hokkaido-Russia Far East Medical Foundation in Sapporo to promote medical exchanges between Hokkaido and Russia.

The foundation was created with a 110 million yen donation mainly from Japanese citizens for a 4-year-old Russian boy, Konstantin Skoropyshniy, who suffered serious burns in an accident at his home in Sakhalin in August 1990.

Konstantin's parents offered the Hokkaido government 100 million yen to establish the foundation out of the 121.4 million yen that was donated to Konstantin.

After flying from Sakhalin to Sapporo, the boy received a series of skin grafts at a Sapporo hospital.

Russians on First Visa-Free Visit Return Home

OW2704090092 Tokyo KYODO in English 0837 GMT 27 Apr 92

[Text] Nemuro, Hokkaido, April 27 (KYODO)—A group of 19 Russian residents of disputed islands off northern Japan left for home Monday evening after wrapping up their six-day visa-free visit.

The Russian visitors, led by M.I. Tereshko, chairman of the Southern Kuril Regional Assembly, left Hanasaki Port in Nemuro, southeastern Hokkaido.

The group, which included administrators of the islands, journalists, pensioners and fishery industry workers from Shikotan, Kunashiri and Etorofu, arrived in Hokkaido on April 22.

The visitors were the first residents of the islands to enter Japan without visas. They met former Japanese residents of the islands in Sapporo and Nemuro during their stay in Japan.

Tereshko said at a press conference before leaving that the group was warmly welcomed everywhere and that the members all consider the trip a success.

He said Japan and Russia should "both make efforts to find a common solution" to the dispute over the islands.

Japan has long called for the return of the three islands and the Habomai Group of islets, which the former Soviet Union seized at the end of World War II.

The islanders were the first group to be invited under an agreement reached last October between Japan and the former Soviet Union to expedite visa-free visits.

Former Soviet President Mikhail Gorbachev proposed the idea during his visit to Japan in April 1991.

Under the agreement, a group of 45 Hokkaido residents originally from the islands plan to visit them May 11, Japanese officials said.

Other former island residents and people promoting a movement for the islands' return to Japan are planning to visit in July and October, the officials said.

Hokkaido is also considering accepting a second group of Russians in July, they said.

Under the 1991 accord, the two governments agreed to issue identification certificates instead of visas for visitors traveling between Hokkaido and the four islands to promote mutual visits until the territorial dispute is settled.

Russia has adhered to the pact since the breakup of the Soviet Union in December.

Japan previously banned its nationals from visiting the islands on Soviet or Russian visas, saying such visas would amount to acknowledging foreign sovereignty over the islands.

Tokyo To Give Aid to Russian Nuclear Scientists

OW2704135592 Tokyo KYODO in English 1346 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Japan decided Monday to extend 20 million dollars in aid to help keep Russia's underpaid nuclear scientists at home, government officials said.

The government made the decision to extend financial support to the Moscow-based International Scientific and Technology Center, where Russian scientists will study peaceful development of nuclear energy, they said.

Foreign Minister Michio Watanabe will convey the decision to Russian President Boris Yeltsin and other Russian leaders during his trip to Moscow in early May.

The United States and the 12-member European Community (EC) have already pledged 25 million dollars each to manage the center scheduled to open as early as in June, the officials said.

Japan, the U.S., the EC and Russia will jointly manage the center which is being set up to alleviate concerns among Western industrial countries about a potential brain drain to developing countries which are allegedly pursuing nuclear weapons development programs.

CSFR's Havel, Baksay Continue Activities

Trade Agreement Signed 24 Apr

OW2404121092 Tokyo KYODO in English 1118 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—Japan and Czechoslovakia on Friday signed a trade agreement in Tokyo.

Japanese Foreign Minister Michio Watanabe and Czechoslovakian Foreign Trade Minister Jozef Baksay put their signatures on the agreement.

The agreement will come into force when the existing treaty on commerce expires October 17.

Under the new pact, the nations will give most-favored-nation treatment to each other's products in accordance with the General Agreement on Tariffs and Trade.

The new trade agreement was concluded after a proposal by Czechoslovakia because the existing commerce treaty has been found unrealistic since Czechoslovakia became a democracy and began shifting to a market economy.

Havel on Dissidence, Tolerance

OW2404122492 Tokyo KYODO in English 1134 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—Czechoslovak President Vaclav Havel said Friday his conscience ordered him to face imprisonment by standing up to communist authorities in the dissident movement that eventually toppled the regime.

"Because I did not want to have a guilty conscience, I chose to abandon egotistic choices in my life and take actions that might incur negative consequences from the authorities," the dissident playwright-turned leader said at a news conference at the Japan National Press Club.

Havel was arrested three times and jailed for five years for criticizing the repressive regime of former President

Gustav Husak and demanding the release of prisoners of conscience from Czechoslovakian jails.

The 55-year-old president was also an active protester who took to streets to oppose the 1968 military intervention by Warsaw Pact troops that quashed the "Prague Spring" democratic regeneration movement.

Havel said he chose the life of a dissident "as I wanted to live a life that would not cause my conscience to bother me for not living in such a way."

He was one of the cofounders in 1977 of the "Charter 77" pro-democracy protest group and a member of the committee for the defense of the unjustly prosecuted, founded by Charter 77 signers.

Havel and other dissidents led the 1989 "velvet revolution" that ousted the communist government. That same year, he was elected president of Czechoslovakia.

After free parliamentary elections, the National Assembly reelected Havel to the presidency in July 1990 to a two-year term.

Havel told his Tokyo audience he has "not asserted that intellectuals can save this troubled world."

"However, I would like to underline again here that intellectuals carry the obligation and responsibility to take actions, assuming that their actions could do something to save society and the world," he said.

"Such an attitude has been an ethical imperative for me in a sense described by (Immanuel) Kant," he said, referring to the German philosopher's argument that human conscience sometimes orders a person to risk his or her life to take morally just actions.

On the proper approach to various international frictions and conflicts, Havel said nations must learn to act on the basis of mutual "tolerance" of countries that have followed different paths of historical development.

He said it is indispensable for nations to act with a "global sense of responsibility," which he described as an awareness of the need to defend the "common interests" of the international community rather than concentrate only on the interests of one's own country.

"Mankind shares a common fate," Havel said.

On relations with Japan, he said, "because Japan has expressed its willingness to cooperate with my country, we would like to deepen our exchanges with Japan."

He sought to dispel fears among some investors of political stability or ethnic conflict in his country, saying, "historically, Czechs and Slovaks have never waged a war with each other."

Miyazawa To Start Asia-Pacific Advisory Body

OW2704135092 Tokyo KYODO in English 1333 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Prime Minister Kiichi Miyazawa will start a private advisory body in May to study Japan's policy in the Asia-Pacific region after the end of the cold war, Chief Cabinet Secretary Koichi Kato said Monday.

The study group, called "A Gathering To Think About Asia-Pacific and Japan in the 21st Century," will be the first of its type since Miyazawa took power last November.

Political observers said Miyazawa aims to use the group to emphasize his expertise in foreign affairs prior to the House of Councillors elections scheduled in July.

Miyazawa has demonstrated his eagerness to use diplomacy in Asia by announcing the so-called "Miyazawa Doctrine" last June. It called for Japan's taking an active role in helping develop Asia.

He unveiled the doctrine before the election for the president of the ruling Liberal Democratic Party.

The study group will consist of 18 experts in economic and social fields, including Keio University President Tadao Ishikawa who will chair the panel.

The members also include Toyoo Gyohten, former vice minister for international affairs and now an advisor to the Bank of Tokyo, and Makoto Kuroda, former vice minister for international affairs at the Ministry of International Trade and Industry (MITI) and now a managing director of Mitsubishi Corp.

The advisory panel will hold its first meeting next month, and subsequent meetings are expected about once a month.

"The government expects the study group to make a policy proposal within this year," Kato said.

Tokyo Prepared To Boost Funding to Cambodia

OW2704111092 Tokyo KYODO in English 1105 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Prime Minister Kiichi Miyazawa said Monday Japan is prepared to increase its share of financial commitment to Cambodia to help reconstruct the country after the 13-year civil war which ended last October, government officials said.

Miyazawa made the remark in a meeting with Koshiro Ishida, chairman of the opposition party Komeito, in an attempt to pass a bill through the opposition-controlled House of Councillors to enable Self-Defense Forces (SDF) personnel to join U.N. peacekeeping operations.

Miyazawa also told Ishida that Japan is ready to increase its share of the cost of reconstructing Cambodia if the United Nations finds itself in financial difficulties, the officials said.

Japan, the United States, Russia, Germany, France, Britain and other countries have promised to provide a total of 2 billion dollars for the U.N. Transitional Authority in Cambodia (UNTAC), which is deploying a 22,000-member U.N. force to maintain peace and order there and prepare for a general election scheduled for 1993.

Japan's current share of the fund for Cambodia amounts to 12.5 percent of the 2 billion dollars.

SDPJ's Tanabe on Relations With ROK, DPRK

SK2504091792 Seoul CHUNGANG ILBO in Korean 24 Apr 92 p 5

[Interview with Makoto Tanabe, chairman of the Socialist Democratic Party of Japan, by correspondent Yi Sok-ku at the party headquarters in Tokyo on 23 April]

[Excerpts] [Yi Sok-ku] The Socialist Democratic Party of Japan [SDPJ] asserts that the nuclear issue has nothing to do with the establishment of diplomatic relations between North Korea and Japan. Do you think that the Japanese people agree with that? What is your view on the issue of North Korea's nuclear inspection?

[Tanabe] Strictly speaking, the nuclear issue is not an issue between Japan and North Korea. It is an issue that should be settled between North Korea and the International Atomic Energy Agency. Japan, however, is the first country on earth ever to suffer from atomic bombs, and both the Japanese people and the SDPJ are sensitive to nuclear weapons. I have always clearly maintained that the nuclear issue should be confronted. During my recent visit to North Korea, I was assured by the North Korean authorities that they will have their nuclear facilities inspected as soon as possible. I trust them. However, I am watching them attentively, because you will not know until you see results.

[Yi] When do you think North Korean-Japanese relations will be normalized?

[Tanabe] As negotiations are between the governments, I do not know. But I hope they will be normalized at an early date. [passage omitted]

[Yi] In what way do you think reunification between the South and North should be realized? Don't you think that liberal democracy and market economy are the inevitable course of history?

[Tanabe] The SDPJ's basic policy is to maintain and develop the market economy based on democracy. Nevertheless, it is impossible to force this on other countries. The South and North must be reunified without fail, but dialogue must be the way to realize it.

[Yi] The South and North have not been able to hold a summit meeting yet. Whom do you think is to blame?

[Tanabe] I do not know. Aren't both sides to blame?

[Yi] I know that you went to Pyongyang for the celebration of President Kim Il-song's 80th birthday last 15 April. Some people wonder if it is necessary for your party to send a delegation to offer congratulation on an individual's birthday.

[Tanabe] Before our departure, I explained why we had planned the visit. It was not merely for the purpose of offering congratulations to President Kim Il-song on his birthday. We have made a great deal of effort on the nuclear issue and on persuading the North Korean authorities to allow the Japanese wives of Korean compatriots who have returned home to visit their families in Japan.

[Yi] What was your impression of the gymnastic show you saw in North Korea? Also, what do you think of the personality cult built around President Kim Il-song and about human rights in North Korea?

[Tanabe] Frankly speaking, no other country does that kind of thing. It is a different matter whether I like it or not. I think that it is possible only through considerable regimentation.

Personally, I find it unpalatable. President Kim has ruled North Korea for the past 47 years. Criticizing this is a different matter. I believe that a person who has been able to rule a country for nearly half a century has something about him that deserves respect. Nonetheless, North Korea has a system that is different from our's. We hope that human rights will be respected in all countries. When the Tiananmen incident occurred in 1989, we expressed our hope that no human lives would be hurt. [passage omitted]

[Yi] In a special introductory article to a booklet entitled "President Kim Il-song," you lauded Kim Il-song by saying that North Korea fought the U.S. forces, the world's strongest, during the Korean war and thoroughly smashed the United States' ambitions.

[Tanabe] I cannot say what caused the Korean war. In no sense does the U.S. intervention in the war under the name of the United Nations deserve praise. The Korean peninsula question is up to the Korean people to decide. [passage omitted]

[Yi] Do you plan to visit the ROK? The Korean people want the SDPJ to be critical of North Korea as it was of the way the ROK treated human rights and its dictatorial rule in the past.

[Tanabe] I hope that my visit to the ROK will be realized at an early date. The SDPJ wants to exchange with the South and North on an equal footing. I believe, however, that it is better to avoid directly criticizing any one country's system. From our point of view, nothing is more desirable than a political and economic system built on democracy. I speak of this openly wherever I go.

I did say this while I was in North Korea. It is different to say that the political system in North Korea is unjust.

[Yi] What do you think has kept you from realizing a plan for a visit to the ROK?

[Tanabe] I have already asked for a visa to Korea. My fellow SDPJ lawmakers have been to Korea already. The SDPJ's policy toward the Korean peninsula has changed and now it recognizes both sides. We also recognize the basic treaty between Korea and Japan. Only we do not recognize the ROK as the one and only legitimate government on the Korean peninsula. We recognize the existence of both the South and North. During my visit to North Korea in 1985, I made it clear to President Kim that we will exchange with the ROK.

Tokyo Asks for Early Transfer of Power in Burma

OW2704112492 Tokyo KYODO in English 1118 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Japan called on Myanmar's [Burma's] ruling military junta Monday to hand over power to a democratically elected government in the near future.

Sakutaro Tanio, director general of the Foreign Ministry's Asian Affairs Bureau, made the request in a meeting with Myanmar's Ambassador to Japan Thein Han at the ministry.

Tanino told the ambassador that Japan rates highly announcements made late last week by Myanmar's Ruling State Law and Order Restoration Council (SLORC), Foreign Ministry officials said.

After SLORC Chairman Gen. Saw Maung, citing health reasons, turned over control to Gen. Than Shwe last Thursday, the council has made a series of announcements, including a timetable for the holding of a national convention, permission for Nobel Peace Prize Winner Aung San Suu Kyi to receive visits by her family, and the release of some of Myanmar's political prisoners.

Aung San Suu Kyi has been under house arrest after her National League for Democracy won a landslide victory in the May 1990 general elections.

In response to Tanino, Thein said the new chairman is expected to make more efforts to improve domestic situations since he has already dealt with it realistically since his appointment as Myanmar's top leader.

Thein also said he will convey the Japanese request to the Myanmar Government, the Japanese officials said.

Leaders' Trips, 'Golden Week' Activities Viewed

OW2404103292 Tokyo KYODO in English 0932 GMT 24 Apr 92

[Excerpts] Tokyo, April 24 KYODO—While most Japanese are off work enjoying "Golden Week," a string of national holidays from late April to early May, Prime Minister Kiichi Miyazawa and many other political leaders will be on official trips away from Japan.

Finance Minister Tsutomu Hata is the first among key cabinet ministers, executives and senior members of the ruling Liberal Democratic Party (LDP), and parliamentary leaders leaving Tokyo.

He will depart Saturday, April 25, to attend a series of meetings of the International Monetary Fund (IMF) and World Bank in Washington and later visit Germany.

Former LDP Secretary General Keizo Obuchi, a close aide to Noboru Takeshita, a former prime minister and powerful political figure, is next, leaving Sunday, April 26, for China.

Obuchi is visiting Beijing against the background of a heated domestic debate on whether Emperor Akihito should make a state visit to China this year to mark the 20th anniversary of the normalization of bilateral relations. Takeshita himself will visit China the week after next.

Next week's highlight is Miyazawa's visit to France and Germany, starting Tuesday, April 28, and ending Saturday, May 2, for talks with President Francois Mitterrand and Chancellor Helmut Kohl.

Official sources said Miyazawa will seek their understanding of Japan's call for Russia to return four islands off Hokkaido seized by the Soviet Red Army at the end of World War II.

The territorial issue has been the main stumbling block to the full normalization of relations between the two countries and has prevented the signing of a peace treaty.

Miyazawa will also ask Mitterrand and Kohl to support Japan's move to gain observer status at the Conference on Security and Cooperation in Europe (CSCE), the sources said.

The prime minister, seeking a more positive Japanese role in world affairs, wants to see Japan contributing not only in economic terms but also in the political sphere by strengthening relations with the 51-member CSCE, the sources added.

The day after Miyazawa's departure, Foreign Minister Michio Watanabe, concurrently the deputy prime minister, leaves for Moscow on a six-day trip in which he will visit Russia and possibly other members of the Commonwealth of Independent States (CIS).

Watanabe, tipped as the most likely successor to Miyazawa, is scheduled to confer with Russian President Boris Yeltsin, who is to visit Japan this fall, and Foreign Minister Andrey Kozyrev.

Official sources said Watanabe will probably propose a military officer exchange program as a confidence-building measure between the two countries.

Other Japanese leaders making overseas trips include LDP Secretary General Tamisuke Watanuki, Sohei Miyashita, state minister in charge of the Defense Agency, both to Europe, and former Prime Minister Yasuhiro Nakasone to Malaysia. [passage omitted on leisure pursuits undertaken by people during so-called Golden Week]

On Tuesday, a special committee of the House of Councillors will resume deliberations—as agreed by the ruling LDP and the No. 1 opposition Social Democratic Party—on a government-sponsored bill to cooperate with the United Nations in its peacekeeping operations. The committee will immediately go into recess, however, and full-scale deliberations will not start until after Golden Week.

The government will start implementing a five-day workweek for civil servants Saturday, May 2, requiring them to work 40 hours a week, or two hours less than at present. Prefectural and municipal governments as well as more private enterprises are expected to follow suit.

Chief Cabinet Secretary Koichi Kato says the five-day workweek will "bring about a major change in the way of life" in Japan, long labeled by foreign countries as a land of workaholics.

The new workweek system is expected to bolster domestic demand and help in the recovery from the bursting of the "bubble economy," as well as helping reduce the huge external trade surplus for which Japan is under fire from its trading partners overseas.

Next week will also see the release of important economic statistics—the February diffusion index and March industrial production index both on Tuesday, March housing starts on Thursday, and the March national consumer price index and the April consumer price index for the Tokyo metropolitan area on Friday.

SDP Member Explains Party's Peacekeeping Bill

OW2704075992 Tokyo KYODO in English 0739 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Social Democratic Party (SDP) House of Councillors member Tetsu Noda explained Monday about the largest opposition party's counter-peacekeeping bill at a plenary session of the upper house.

Noda, in response to Japanese Communist Party member Haruko Yoshikawa, said the SDP's plan envisages Japan dispatching contingents of civilians to help in U.N. peacekeeping operations.

The senior SDP Diet member said the government's policy of allowing Self-Defense Forces (SDF) personnel to join U.N. peacekeeping missions violates the ideal of the war-renouncing Constitution.

He also said the bill is causing concern among other Asian peoples, who suffered from the atrocities committed by the Japanese military before and during World War II.

In addition, Noda said SDF personnel would be under the control and command of the United Nations if they participated in such missions, and that this would violate the constitutional ban on the right to a collective security system.

The SDP has insisted on the participation of Japan in nonmilitary operations in U.N. missions in accordance with the Japanese Constitution.

While Prime Minister Kiichi Miyazawa said the government is ready to amend part of a U.N. peacekeeping cooperation bill which will pave the way for the dispatch of SDF personnel overseas.

Miyazawa, replying to questions from Rengo member Tetsuo Inoue at a House of Councillor's plenary session, said, "The government must respect the principle of the separation of the administrative, legislative and judicial branches of Japan if parliament hopes to revise the bill."

Miyazawa said SDF personnel should participate in U.N. peacekeeping operations to protect civilians in war-torn countries where U.N. "blue helmet" soldiers are deployed.

The government intends to pass the peacekeeping operation bill at the current ordinary session of the opposition-controlled upper house, scheduled to end late next June, government sources said. The House of Representatives passed the bill last December.

Middle-of-the-road opposition parties—Komeito and the Democratic Socialist Party (DSP)—have agreed in principle on the participation of Japan in U.N. peacekeeping operations.

But despite their combined majority in the 252-member upper house, the ruling Liberal Democratic Party (LDP), Komeito and the DSP all interpret the Constitution differently on this issue.

DSP Chief at Odds With Komeito on SDF Bill

OW2504124892 Tokyo KYODO in English 1226 GMT 25 Apr 92

[Text] Oita, April 25 KYODO—The chairman of the Democratic Socialist Party (DSP) said Saturday his party will push for a bill making Diet approval mandatory should Japan dispatch its Self-Defense Forces (SDF) personnel on UN peacekeeping missions overseas.

DSP chairman Keigo Ouchi also said if SDF personnel are sent abroad they should be under the command of the UN secretary general.

The government has insisted that it should maintain the right to command.

Ouchi said his talks with Komeito leaders could be postponed unless Komeito accepts the two DSP conditions, which have already been refused by Komeito Secretary General Yuichi Ichikawa.

He said if Ichikawa spoke officially for Komeito it would be almost impossible for the two parties to find any common ground on the peacekeeping bill.

The DSP chairman also said if Komeito clings to its own stance, the DSP might seek an alliance with the ruling Liberal Democratic Party (LDP) and Rengo Sangiin, an affiliate of Japan's largest labor organization Rengo, to secure a majority in the House of Councillors in the July election.

Responding to Ichikawa's statement that the resulting Diet majority could allow any decision, Ouchi said the alliance would be a denial of democracy and Komeito would be hard-pressed to prove that it is a democratic party.

He also denounced Ichikawa for denying the UN right to command Japanese contingents, charging that it is intentional negligence of UN sponsored peacekeeping activities.

Ouchi said Ichikawa's remark would ruin DSP's efforts to reach a happy compromise with Komeito by agreeing to a Komeito-proposed "temporary freeze" on the dispatch of SDF personnel abroad.

Komeito has insisted on having such a provision in the final bill so that Japan will not have to join armed UN peacekeeping forces for the time being.

The government-proposed bill, which cleared the LDP-dominated House of Representatives last December, is pending in the opposition-controlled upper house. Deliberations on the proposal will resume at the upper house special committee on UN peacekeeping operations Tuesday.

LDP Secretary General Tamisuke Watanuki said in Sapporo that the LDP will cooperate with Komeito and the DSP in an effort to get the bill passed in the current Diet session.

He said the three parties began working together on the enactment of the bill originally and he envisages an eventual compromise between the two centrist opposition forces.

Watanuki said the two parties are only in the process of expressing their views on the peacekeeping bill.

Hints at Compromise on SDF Bill

OW2704143792 Tokyo KYODO in English 1424 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Keigo Ouchi, chairman of the Democratic Socialist Party (DSP), the fourth-ranked opposition party, hinted Monday at a possibility that a compromise would be reached between the DSP and Komeito, the second-largest opposition group, over the government-proposed United Nations peacekeeping Cooperation Bill.

In an interview with KYODO News Service in the Diet building, Ouchi said that the DSP and Komeito would be able to clear obstacles to the compromise in view of the two parties' stances on the bill.

The possible compromise between the centrist opposition parties would pave the way for the passage of the bill by the opposition-controlled House of the Councillors.

The bill, which cleared the House of Representatives last December with the backing of the ruling Liberal Democratic Party (LDP) and Komeito, is aimed at sending Self-Defense Forces (SDF) abroad to join U.N. peacekeeping operations.

Earlier in the day, the upper house started a full-scale debate on the government-sponsored bill and one submitted by the Social Democratic Party (SDP), the No. 1 opposition party.

The SDP bill calls for the establishment of an International Cooperation Corps separate from the SDF and limits its activities only to nonmilitary fields.

The DSP demands that Japanese peacekeepers should be put under U.N. command once the troops join the U.N. peacekeeping troops. It also insists that prior Diet approval is needed each time the government dispatches the SDF personnel to U.N. peacekeeping operations.

Komeito contends that part of the bill concerning SDF participation in the U.N. peacekeeping forces be frozen because national consensus has not been reached on the matter. It also opposes the idea of placing the SDF under U.N. command.

In a television interview on Sunday, Komeito Secretary General Yuichi Ichikawa showed understanding of the DSP policy of seeking Diet approval prior to the overseas dispatch of SDF personnel.

Ichikawa also showed a flexible stance on the issue of U.N. command over the Japanese peacekeepers.

Labor Urged To Support SDF Constitutionality

OW2404141992 Tokyo KYODO in English 1411 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—Labor leader Akira Yamagishi proposed Friday that the country's biggest labor organization endorse the Self-Defense Forces (SDF).

Yamagishi, head of the 8 million-strong Japanese trade union confederation (Rengo), told a Tokyo meeting the country's Constitution provides the state with the right to defend itself.

Japan's No. 1 opposition party, the Social Democratic Party, to which Rengo provides the main base of support, has long opposed the existence of the SDF, which it says runs counter to the Constitution.

Article 9 of the Constitution renounces the threat or use of force as a means of settling international disputes and to achieve that aim, "land, sea, and air forces, as well as other war potential, will never be maintained."

Yamagishi said, "I hope Rengo will take a clear position that Article 9 of the Constitution approves of the nation's right to self defense. Rengo will uphold (the legitimacy of) the Self-Defense Forces."

Interpretation of Article 9 has long stirred up controversy among conservative and opposition parties about the constitutionality of the SDF, even if its mission is limited to self-defense.

Yamagishi's comments came three weeks before three top executives of the union will seek to adopt a basic policy framework on defense and foreign policies during a meeting set for May 15 and 16.

"It is sufficient to consider shrinking or maintaining the Self-Defense Forces, while keeping our basic emphasis on disarmament efforts," he said.

Rengo is in the process of formulating policy following the defeat of ruling Liberal Democratic Party (LDP) candidates by its candidates in two successive by-elections earlier this year amid a series of scandals involving LDP politicians.

Rengo's successive victories in the Nara and Miyagi by-elections for House of Councillors seats startled the political community prior to a July national vote to elect half the upper house's 252 seats.

Political analysts said Yamagishi's approach to the sensitive SDF issue may spark dissent from some unionists inside the organization, and stir opposition at the upcoming executive meeting.

Yamagishi said Rengo should not retreat from the position that three conditions must be observed before throwing its support behind the SDF.

The conditions are keeping civilian control over the forces, limiting the SDF's mission to national defense, and living up to the three principles of not possessing, manufacturing, nor allowing nuclear weapons on Japanese territory, he said.

Poll Finds 66% Support Participation in PKO

OW2504122592 Tokyo NHK General Television Network in Japanese 1000 GMT 25 Apr 92

[Text] An NHK poll shows that about half of the Japanese public feel that international contributions by the Self-Defense Forces [SDF] should be limited to unarmed activities, such as clean-up work after disasters and medical relief.

NHK polled 3,600 people 16 years of age and older, on 7 and 8 March, on issues related to the Constitution, and obtained responses from 2,522 people, or about 70 percent of the pollees.

When asked if Japan should send personnel overseas in addition to money and relief goods as part of an international contribution, 66 percent of respondents were in favor of the dispatch, and 23 percent were opposed. The poll thus showed two out of three Japanese recognize the necessity of sending personnel overseas.

When asked about what kind of activities the SDF should participate in, 46 percent of the respondents answered that they should be limited to unarmed activities such as clean-up work after disasters or medical relief; 15 percent answered that they should participate in cease-fire monitoring operations equipped only with small arms for self-protection; 11 percent said that they should participate in armed peacekeeping forces; another 10 percent said they should be allowed to take part in multinational forces such as those deployed during the Gulf war; and 14 percent said that only civilians, not SDF personnel, should be sent overseas. The survey results thus indicate that about half of the pollees want the SDF to play a role in unarmed activities.

When asked if the SDF is constitutional, 48 percent were affirmative, 18 percent were negative, and 28 percent were undecided.

When asked about their image of the SDF, 32 percent said that they regarded it as an organization for relief activities and reconstruction in times of disaster; 28 percent said that the SDF should maintain public suecurity and the safety of the nation; and 26 percent said that the SDF should be capable of guarding national security and deterring aggression.

On the scale and budget of the SDF, 53 percent of the respondents said that the current level should be maintained, 33 percent said that they should be reduced, while 4 percent supported an increase.

On the question of the best policy to maintain security in Japan, 54 percent agreed that Japan should sustain a certain level of defense capability and continue to cooperate with the United States, but 22 percent supported an unarmed and neutral position for Japan.

Parties on Barring Bribe-Takers From Elections

OW2404153292 Tokyo KYODO in English 1524 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—Four noncommunist political parties agreed Friday to enact a bill banning legislators given suspended prison sentences for bribe-taking from running in reelection, party officials said.

The measure would repeal their right to run for reelection while on probation, tightening current laws that bar only legislators convicted of buying votes from running again.

The ruling Liberal Democratic Party, the Social Democratic Party, Komeito and the Democratic Socialist Party agreed on the proposed bill, the officials said.

The agreement also calls for applying the tougher sanctions to legislators at both national and local assemblies, as well as the heads of local autonomous bodies, the officials said.

But the four parties failed to agree on whether lawmakers jailed for bribe-taking should be barred from seeking office after their sentences expire, they said.

The agreement came after the Kyowa bribery scandal, allegedly implicating a close ally of Prime Minister Kiichi Miyazawa, cost the ruling party two parliamentary seats in successive House of Councillors by-elections in constituencies seen as conservative strongholds.

In the 1976 Lockheed payoff scandal, the Tokyo high court convicted former Prime Minister Kakuei Tanaka of taking 500 million yen in bribes from Lockheed Corp. of the United States.

Tanaka appealed to the Supreme Court, which has not yet ruled on his case. Nonetheless, his Niigata Prefecture constituents returned him to office.

The four noncommunist parties also failed to narrow their differences over whether the Diet should give an existing parliamentary committee the authority to recommend the resignation of legislators found guilty of taking bribes, the officials said.

The so-called Political Ethics Examination Committee, formed after the Lockheed scandal, has never met.

The four parties are debating whether the Diet should upgrade the status of the panel to that of a standing parliamentary committee, they said.

Businessman Enters Guilty Plea in Kyowa Scandal

OW2404114792 Tokyo KYODO in English 1116 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—A former executive of a defunct business company Friday entered a guilty plea in a major bribery scandal that rocked the government of Prime Minister Kiichi Miyazawa and the ruling Liberal Democratic Party earlier this year.

Goro Moriguchi, former vice president of Kyowa Co., told the Tokyo District Court that there is "nothing incorrect" about the prosecution's indictment charging that he paid 90 million yen in bribes to former State Minister Fumio Abe, a one-time close political ally of Miyazawa.

Moriguchi entered the plea at the opening session of his trial.

Abe, who the prosecution say accepted the 90 million yen bribe from Moriguchi, is due to show up in a separate session on June 19 at the same court.

Following the arrest of Abe in January, the LDP suffered two consecutive losses in by-elections to the House of Councillors in Nara and Miyagi Prefectures, suggesting mounting distrust in the LDP and Miyazawa's running of state affairs.

Moriguchi, 49, was indicted February 1 on charges of sending the bribe to Abe, former director general of the Hokkaido and Okinawa Development Agencies, in return for favors for the now-bankrupt steel frame manufacturer Kyowa.

He was freed March 3 on a 200 million yen bond, eight months after being arrested on suspicion of fraud in a separate case.

Moriguchi's admission to the charges before the court is expected to plunge Abe, the key political figure in the Kyowa payoff scandal, into a difficult situation in his own upcoming trial.

If Abe is convicted, he faces a maximum of seven years in prison.

Abe was arrested on January 13 for allegedly having accepted bribes from Moriguchi on six occasions between August 1989 and January 1990.

He was also indicted on February 1 but was released on February 4 on a bail of 50 million yen.

Abe, 69, was a State Minister in the Cabinet of former Prime Minister Toshiki Kaifu from August 1989 to February 1990.

A veteran member of the House of Representatives, Abe was secretary general of the Liberal Democratic Party's second-largest faction, led by Miyazawa, from last April to December.

Upon his arrest, he left both the Miyazawa faction and the governing party.

Prosecutors said in an opening statement that Moriguchi had called on Abe to supply privileged information about construction of an expressway in Hokkaido while Abe as state minister headed the Hokkaido and Okinawa Development Agencies.

He was also suspected of asking Abe to assist Kyowa to participate in the construction of a multipurpose, all-weather stadium, the White Dome, and to obtain low-interest loans from the governmental Hokkaido-Tohoku Development Corp., the prosecutors said.

Moriguchi reportedly gave Abe a total of 530 million yen, including the 90 million yen bribe.

In hopes of an early conclusion of his trial, Moriguchi is being tried separately from Abe. Bribers and bribetakers are usually tried together.

Moriguchi is also being tried on a separate charge of defrauding two trading houses of 3.65 billion yen in 1990 by fabricating contract documents for fictitious steel frame orders in collusion with a senior official of Marubeni Corp., a major trading company.

He is believed to have solicited Abe's help in May 1989 in order to conceal the fraud.

Automobile Industry Reports Increase in Exports

OW2704091892 Tokyo KYODO in English 0902 GMT 27 Apr 92

[Text] Tokyo, April 27 (KYODO)—Japan's exports of four-wheel drive vehicles in March totaled 530,188, up 4.9 percent over a year earlier and up 0.9 percent over the preceding month, the automobile industry reported Monday.

The Japan Automobile Manufacturers' Association said it was the third straight month that Japan's motor vehicle exports had exceeded the year-before level.

The association said passenger cars accounted for 414,581, up 7.4 percent over a year earlier and up 0.2 percent over the previous month.

Exports of trucks totaled 109,993 vehicles, down 4.1 percent from the year before but up 3.8 percent over the preceding month, the association said.

It said buses accounted for 5,614, up 21.7 percent over a year earlier and up 5.0 percent over the previous month.

The association said exports of vehicles and parts totaled 7,293.11 million dollars in value, up 12.1 percent over a year earlier and up 5.0 percent over the previous month.

The association said vehicle exports to the United States decreased from a year earlier for the third straight month but passenger car exports picked up for the first time in three months.

Exports to the European Community posted the first year-on-year fall in three months but passenger car shipments declined for the second straight month, the association said.

The association said motorcycle exports totaled 175,789 vehicles, up 17.6 percent over a year earlier and up 20.6 percent over the previous month.

Exports of motorcycles and parts totaled 450.93 million dollars, up 16.0 percent over the year before and up 2.7 percent over the preceding month, the association said.

It said motor vehicle exports in fiscal 1991, which ended last March 31, gained a slight 0.1 percent over a year earlier to 5,829,485 vehicles, the second straight year-on-year rise following an identical 0.1 percent increase in fiscal 1990.

Passenger cars accounted for 4,517,823 vehicles, up 0.8 percent, while trucks were down 3.4 percent at 1,253,735 vehicles, marking the sixth straight yearly fall, the association said.

Exports to the United States decreased for the fifth straight year, amounting to 2,022,757 vehicles, down 8.1 percent, the association said.

It said passenger cars accounted for 1,730,631 vehicles, down 6.4 percent from a year earlier, posting the fifth straight year-on-year fall.

The volume was about 570,000 vehicles short of the voluntary restraint limit set at 2.3 million vehicles, the association said.

Sales to Asia fell for the first time in five years, totaling 556,730 vehicles, down 4.7 percent from a year earlier, due largely to the severe market environment, the association said.

Exports to Europe fell back for the first time since 1987, totaling 1,729,146 vehicles, down 2.5 percent, it said. Sales to the European Community tumbled 2.6 percent to 1,275,071 vehicles.

Sales to Latin America surged 32.8 percent to 299,570 vehicles, posting the second straight yearly rise, the association said.

Tokyo To Double Funding for Scientific Research

OW2404055592 Tokyo KYODO in English 0447 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—The government decided in a cabinet meeting Friday to strengthen Japan's basic research in science and technology with plans to double the nation's investment in research and development.

The government agreed on an outline of policies for science and technology research that includes calls for research that will contribute to the resolution of environmental problems and be used by all societies and cultures.

The government agreed to adhere to the contents of a January report by the Council for Science and Technology, but decided to double its planned 2 trillion yen investment in research and development. It also called for policies to promote the strengthening of fundamental scientific research.

Over the next 10 years, the government's broad outline of science and technology policies will seek to contribute to the resolution of common human problems involving the global environment and the disparity of wealth between developed and developing nations.

The government said it also wants to see an accumulation of scientific and technological knowledge that can be utilized by all people, and research to help Japan maintain its own quality of life in the face of the nation's aging population.

To realize these objectives, the government urged for a doubling of its investment in research and development as soon as possible. It did not, however, specify a timetable or method for achieving the increase.

While the U.S. Government funds about half of all American research and development, the Japanese Government pays for less than 20 percent of all scientific and technological research in Japan.

Overseas observers consider the Japanese Government budget to be low profile compared with the nation's strong private sector desire for research and development.

The government said that realizing government objectives will also mean improving university and national research facilities which have grown old and decrepit over the years.

It has been an urgent task for Japan to correct the imbalance in exchanges with Western researchers and raise the currently low research level by rapidly strengthening basic scientific investigations.

To accomplish these goals, the government outline includes distribution of money and human resources to the best institutes, the creation of institutions that would be the nucleus of Japan's research and development, and the promotion of research exchanges both domestically and internationally.

The government also stressed that Japan has a responsibility to give technological assistance to developing nations in Asia and the republics of the now defunct Soviet Union, which fear that many of their best scientists may take offers from other nations better able to pay for their services.

Environment Group Urges End to Mass Consumption

OW2404142392 Tokyo KYODO in English 1413 GMT 24 Apr 92

[Text] Tokyo, April 24 KYODO—The world must shift from mass production and consumption to more environment-friendly systems, the body responsible for Japan's assistance to the June 3-14 Earth Summit in Brazil said in a statement Friday.

The Japanese committee on the global environment issued the statement in advance of the summit, formally known as the United Nations Conference on the Environment and Development.

The committee comprises government and private individuals and is headed by Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren).

The committee's statement said that integrating the two themes of environment and development will require an urgent strengthening of the United Nations and increased emphasis on population control.

It also recommended stepped-up international cooperation to increase safety measures in nuclear power production, as well as limiting developed countries' consumption of fossil fuels to prevent global warming.

The statement called on corporations to take account of the environment in all stages of production, distribution and technological development.

North Korea

Parade Marks 60th Anniversary of People's Army

SK2504041092 Pyongyang KCNA in English 0359 GMT 25 Apr 92

[Text] Pyongyang April 25 (KCNA)—A grand parade was held here to celebrate the 60th founding anniversary of the heroic Korean People's Army [KPA].

The great leader President Kim Il-song and the dear leader Comrade Kim Chong-il appeared on the platform in company with foreign heads of state.

That moment, a storm of cheers of "hurrah" burst forth, thousands of balloons were let fly into the sky and hundreds of shells of firecrackers were fired.

When the start of the parade was declared, the national anthem was played and a salute of 21 guns boomed.

There was a grand parade of anti-Japanese revolutionary fighters, veterans of the fatherland liberation war, columns of the three services of the Korean People's Army, the Korean People's Security Forces, the Worker-Peasant Red Guards, the Young Red Guards and powerful mechanized units.

The parade was watched by senior party and government officials, the members of foreign military delegations, officials of the General Association of Korean Residents in Japan and the South Korean National Democratic Front, foreign diplomatic envoys and foreign guests in Korea.

A hundred thousand citizens have turned out on to the streets of the capital city and warmly welcomed the paraders, throwing colored tapes and confetti on them and raising cheers.

O Chin-u Meets Foreign Military Leaders

SK2704054592 Pyongyang KCNA in English 0514 GMT 27 Apr 92

[All names as received]

[Text] Pyongyang April 27 (KCNA)—Minister of Peoples' Armed Forces O Chin-u Sunday met and had friendly talks separately with the military delegation of the Armed Forces of Egypt led by Muhammad Abd-al-Onim Hasan Muhn, first vice minister of national defence, the Thai military delegation led by Han Skulpanich, deputy commander of the Army of the Kingdom of Thailand, the delegation of the Ministry of Defence of Peru led by General Inspector of the Army Roberto Aldana Vazques and the Sudanese military delegation led by State Minister for defence Osman Mohamed al-Hasan to the celebrations of the 60th founding anniversary of the Korean People's Army.

O Chin-u Speaks at Parade

SK2504081592 Pyongyang Korean Central Broadcasting Network in Korean 0520 GMT 25 Apr 92

[Speech by O Chin-u, minister of DPRK People's Armed Forces, at a military parade on the 60th anniversary of the founding of the Korean People's Army at Kim Il-song Plaza in Pyongyang on 25 April—recorded]

[Text] Comrade officers and men of the three services of the Korean People's Army [KPA] and the People's Security Forces, old fighters of the anti-Japanese revolutionary war, veterans of the Fatherland Liberation War, members of the Worker-Peasant Red Militia, members of the Red Youth Guards, working people of the entire country, citizens of Pyongyang, and respected foreign comrades and friends:

Today, amid great glory and revolutionary (?aspiration) all over the country, we grandly mark the 60th anniversary of the founding of the heroic KPA, our party's revolutionary armed forces, with much pride and self-respect.

It is the greatest glory and happiness for us, the officers and men of the KPA and the people, to have this military parade to commemorate the 60th anniversary of the founding of the KPA with the presence of the great leader Comrade Kim Il-song, who has been elected DPRK generalissimo for his immortal and brilliant achievement of strengthening and developing our People's Army into invincible revolutionary armed forces and leading it along the single road of victory and exploits.

On the occasion of the 60th anniversary of the founding of the KPA, the felicitous national day of our party and people, I, on the authority and in the name of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK] and in the name of the party Central Military Commission, wholeheartedly congratulate the old anti-Japanese fighters, the veterans of the fatherland liberation war, the People's Army units, the soldiers of the People's Security Forces, the members of the Red Worker-Peasant Militia, members of the Youth Red Guard, and the working people across the country, who have devotedly struggled for the liberation of the fatherland, for the freedom and independence of the people, and for the party and the revolution.

Under the leadership of the party and the leader, our People's Army has traversed the militant road full of glory and have effected the immortal and brilliant achievements in our country's history.

Upholding the independent banner against imperialists, our revolutionary armed forces heroically struggled over a long period of time. By doing so, they achieved the liberation of the fatherland and have gloriously defended the gains of the revolution. Thanks to our revolutionary armed forces, the victorious advance of the chuche revolutionary cause has been firmly guaranteed.

The 60 years traversed by our revolutionary armed forces have been an ever-victorious 60 years. The masses-oriented heroism and militant exploits, which the People's Army's soldiers have displayed, will always be brilliant in our party's history.

Our People's Army will also faithfully uphold the respected and beloved supreme commander's leadership in the future. It will firmly defend the party, the leader, the fatherland, and the people. By doing so, it will discharge its noble mission and duty as the army of the revolution, the party, and the people.

Let us all single-heartedly rally around the party center with the respected and beloved Comrade Kim Il-song as its head. Let us all vigorously fight for national reunification and for the victory of the socialist, communist cause.

Long live Comrade Kim Il-song, the great leader of our party and people.

Long live the glorious WPK, organizer and leader of all victories of the Korean people.

Long live the 60th anniversary of the founding of the heroic Korean People's Army, the revolutionary armed forces of our party.

Kim Il-song Receives Heads of State

SK2504160892 Pyongyang KCNA in English 1528 GMT 25 Apr 92

[Text] Pyongyang April 25 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, and Comrade Kim Chong-il, member of the Presidium of the Political Bureau and secretary of the Central Committee [C.C] of the Workers' Party of Korea [WPK] and supreme commander of the Korean People' Army, received at the Kumsusan Assembly Hall today heads of state, delegations and delegates of various countries on a visit to our country to participate in the celebrations of the 60th founding anniversary of the Korean People's Army.

Among them were His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia; Kaysone Phomvihane, chairman of the Central Committee of the Lao People's Revolutionary Party and president of the Lao People's Democratic Republic; Teodoro Obiang Nguema Mbasogo, president of the Republic of Equatorial Guinea and founder-chairman of the Democratic Party of Equatorial Guinea; revolutionary commandant Juan Almeida Bosque, member of the Political Bureau of the Central Committee of the Communist Party of Cuba and vice-president of the council of state of the Republic of Cuba who is heading the Cuban party, state government and revolutionary armed forces delegation and other delegations, delegates and prominent figures from 60 odd countries.

Present there were Marshal O Chin-u, member of the Presidium of the Political Bureau of the Central Committee of the Workers' Party of Korea, vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea, member of the party Central Military Commission and Minister of People's Armed Forces; Yi Chong-ok and Pak Song-chol, Politburo members of the C.C., WPK and vice-presidents; Yon Hyong-muk, politburo member of the C.C., WPK and premier of the Administration Council; Kim Yong-nam, Politburo member of the C.C., WPK, vice-premier of the Administration Council and foreign minister; Vice Marshal Choe Kwang, Politburo member of the C.C., WPK, vice-chairman of the National Defence Commission of the DPRK, member of the party Central Military Commission and chief of the general staff of the Korean People's Army; and Kim Yong- sun, secretary of the C.C., WPK.

The guests warmly hailed the 60th founding anniversary of the heroic Korean People's Army.

President Kim Il-song and Comrade Kim Chong-il expressed thanks for this and had a cordial and friendly talk with them before posing for a photograph with them.

Commentary Demands Inspection of U.S. Bases

SK2704010092 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 23 Apr 92

[Commentary by station commentator Yun Pyong-son: "Do They Really Want To Resolve the Nuclear Issue?"]

[Text] The denuclearization of the Korean peninsula is an urgent problem directly connected with the life, death, and survival or destruction of the nation, and it is an important key to the world's antinuclear cause for peace.

Thanks to the consistent efforts of our republic, progress has recently been made in denuclearizing the Korean peninsula, such as the adoption and effectuation of the North-South joint declaration on denuclearization and the formation and operation of the Joint Nuclear Control Committee.

The nuclear safeguards accord signed between the government and the International Atomic Energy Agency was deliberated and approved at the Third Session of the Ninth Supreme People's Assembly of the DPRK some time ago. This is clear proof of our antinuclear policy, and it is another momentous event in realizing the denuclearization of the Korean peninsula.

Our position is to perfectly realize the denuclearization of the Korean peninsula from an independent position and eliminate the danger of nuclear war at its source. We have made every serious and sincere effort at the North-South Joint Nuclear Control Committee with this position and attitude. However, judging from the South's attitude, we cannot but doubt whether it has the will to put into practice the joint denuclearization declaration.

At the third round of the North-South Joint Nuclear Control Committee held on 21 April, the South side came to the meeting without even a draft agreement on implementing the joint denuclearization declaration. Then, absurdly blaming us, the South side again attempted to degenerate the Joint Nuclear Control Committee into a purely inspection organization and realize its insidious purpose. The South side continued playing cheap tricks in order to exclude the U.S. nuclear weapons and nuclear bases in South Korea from being inspected.

Since the mission of the North-South Joint Nuclear Control Committee is to implement the joint denuclearization declaration, it is clear to everyone that a comprehensive agreement containing measures for implementing the joint declaration clause by clause should be made in order to advance the work of the joint committee. The fact that the South side has not brought a draft agreement to the three rounds of meetings so far and avoided beginning the discussion on the contents of the draft agreement based on the reasonable draft agreement and draft inspection regulations we put forward at the meeting must be regarded as an overt delaying tactic.

The draft of inspection regulations the South side produced is not aimed at practically promoting the denuclearization of the Korean peninsula based on the joint denuclearization declaration and the agreement on the formation and operation of the North-South joint nuclear control committee, but is for other purposes. We take issue, in particular, with the South side's desperate tactic to stop the inspection of the U.S. nuclear weapons and nuclear bases in South Korea.

The key to denuclearization of the Korean peninsula is the withdrawal of the nuclear weapons and nuclear bases from South Korea. Although the South Korean authorities say that all U.S. nuclear weapons have been withdrawn from South Korea, we have no way of knowing whether nuclear weapons still exist in South Korea or whether they have all actually be withdrawn.

With the revelation some time ago of the secret underground nuclear weapons depots in South Korea, no one can believe the South Korean ruler's declaration on the nonexistence of nuclear weapons. If there were no U.S. nuclear weapons hidden in South Korea, why would the South side so desperately oppose our proposal for an all-out simultaneous nuclear inspection? It is clear that the South side's position is to follow the U.S. nuclear policy of continuously holding South Korea as its largest nuclear forward base in the Far East, to live under the so-called nuclear umbrella, and not to implement the joint denuclearization declaration.

The joint denuclearization declaration is the joint national declaration solemnly proclaimed to the people at home and abroad. It is not a document that can or cannot be implemented. It is a program that should be implemented without fail. If the South Korean authorities have the will to implement the joint denuclearization declaration, they should not resort to delaying tactics any more but should come to the discussion of issues with sincerity. They should not play tricks, raving about trial inspection, but should open to inspection all the U.S. Forces' nuclear bases in South Korea and accept all-out inspection of the U.S. nuclear weapons and nuclear bases. If they continue ridiculing the nation with the denuclearization issue, they will meet with more denunciation at home and abroad.

South Korea

Czechoslovak President Havel Arrives for Visit

*SK2604091192 Seoul YONHAP in English
0857 GMT 26 Apr 92*

[Text] Seoul, April 26 (OANA-YONHAP)—Czechoslovakian President Vaclav Havel arrived here Sunday afternoon for a three-day official visit at the invitation of President No Tae-u.

Prime Minister Chong Won-sik met with Havel, the first Czechoslovak head of state to visit Korea, at Seoul Airport.

No and Havel are to have a summit meeting Monday at Chongwadae (the presidential house) and discuss measures of improving bilateral ties.

Havel signs the investment guarantee and double taxation avoidance agreements during his stay here.

No will explain to Havel recent developments on the Korean peninsula including the inter-Korean issues and in the global community, especially in Northeast Asia, a Chongwadae source said.

It is expected that Havel's visit will help deepen the cooperative relationship between the two countries and forge a bridgehead for Korea to advance into East European markets.

South Korea and Czechoslovakia set up diplomatic ties in March 1990. Czechoslovakia had about 10 million U.S. dollars of surplus in trade with South Korea last year.

Havel leaves here Tuesday.

No, Havel Discuss Cooperation, Security

*SK2704091592 Seoul YONHAP in English
0901 GMT 27 Apr 92*

[Text] Seoul, April 27 (OANA-YONHAP)—South Korea and Czechslovakia agreed Monday to promote bilateral economic cooperation and work together for peace and stability on and around Korean peninsula.

South Korean President No Tae-u and visiting Czechoslovak President Vaclav Havel expressed satisfaction at the growth of their ties since diplomatic normalization in March 1990, No's spokesman said after the two leaders' summit.

They agreed that they should further strengthen practical cooperation in the future.

Havel came to Seoul Sunday [27 April] as the first Czechoslovak president to ever to come to South Korea.

No explained the current political developments in Korea and Northeast Asia and stressed that North Korea must accept not only the International Atomic Energy Agency (IAEA) nuclear inspection but also the inter-Korean inspection as soon as possible, the spokesman said.

The two presidents agreed that deterring North Korea's nuclear weapons development is critical for security on Korean peninsula and in Northeast asia and pledged to follow international action closely, he said.

No promised to positively consider Czechoslovak's request for aid from South Korea's Economic Development Cooperation Fund (EDCF) and negotiate joint entry into third country markets.

Havel expressed full support for South Korea's efforts for peace in the region, the spokesman said.

He said the success of democratic and economic reforms in middle and Eastern Europe will contribute to global stability and stressed the importance of close South Korea-Czechoslovak economic cooperation, he said.

The two countries concluded agreements on investment protection and avoidance of double taxation earlier in the day.

Havel is to tour South Korean farms and industrial facilities on Tuesday before returning to his country.

Leaders Give Banquet Speeches

*SK2704102992 Seoul YONHAP in English
1013 GMT 27 Apr 92*

[Text] Seoul, April 27 (OANA-YONHAP)—The presidents of South Korea and Czechoslovakia expressed hope Monday for heightened economic cooperation and cooperation for peace on the Korean peninsula.

Only a fragment remained of the wall that once separated East and West, visiting Czech President Vaclav Havel said at a banquet.

"A part of that fragment is, unfortunately, still constituted by the Panmunjom line where a Czechoslovak mission, among others, has for decades been serving in a supervisory capacity," he said.

Czechoslovakia is one of four countries on the Neutral Nations Supervisory Commission (NNSC), installed to ensure that South and North Korea abide by the terms of an armistice agreement signed in 1953.

"I trust that the time when their assignment will come to an end is within sight now," said Havel, who arrived Sunday [26 April] at the invitation of President No Tae-u. Their countries normalized ties in March 1990.

"...I am convinced that an intensification of our economic cooperation will pave the way for contacts in all the areas that make up the relationship between the two countries," Havel said.

It was true that the people of Czechoslovakia had paid attention only to the Communist half of Korea, he said.

"There was very little we were allowed to know about the other half, that is, about your Republic.

"Both of our countries possess rich cultural, intellectual and religious traditions, and the spiritual life of both nations will certainly be enriched as we improve our mutual knowledge in these areas," he said.

No, in his banquet speech, expressed satisfaction at the growing number of joint ventures and other signs of economic cooperation between the two countries.

"My administration has already invited Czechoslovak experts to Seoul to discuss ways to promote bilateral economic cooperation based on the complementarity of our two nations' industrial structures," No said.

"The investment guarantee agreement and the double taxation avoidance agreement that have been signed between our two countries today will serve as institutional devices to promote bilateral economic cooperation," he said.

South Korea wanted to liquidate the legacies of the cold war and achieve national reunification by the end of the century, No said.

"I hope and expect that the Czechoslovak people who love freedom and peace like no others will support our endeavors," he said.

Investment Protection Accord Signed

SK2704064992 Seoul YONHAP in English 0629 GMT 27 Apr 92

[Text] Seoul, April 27 (YONHAP)—South Korea and Czechoslovakia signed Monday an agreement for promotion and reciprocal protection of investments and a convention for the avoidance of double taxation and prevention of fiscal evasion.

Korean Foreign Minister Yi Sang-ok and Czechslovak Economic Minister Vladimir Dlouhy represented their nations.

The investment agreement grants investors of the two nations native-people and most-favoured-nation status, and covers the protection of remittances by free, convertible currencies, and the principles of compensation and claim settlement in case of nationalization.

The tax convention deals with leviable taxes and taxation principles by income.

North-South Exchange Subcommittee Meeting Detailed

SK2704101792 Seoul YONHAP in English 1002 GMT 27 Apr 92

[Text] Seoul, April 27 (OANA-YONHAP)—South and North Korea agreed Monday on the format of the joint exchanges and cooperation committees but remained apart on how many committees to form.

They failed to make any headway on arranging reunions of families separated after the 1950-1953 Korean war.

The delegates will meet again Tuesday [28 April] from 10 A.M. at the truce village of Panmunjom. If they reach agreement on the details, they will begin preparing text on establishment and operation of the South-North joint exchanges and cooperation committee, officials said.

Members of the Exchanges and Cooperation Subcommittee in their third meeting agreed that the committee should be membered by nine delegates from each side headed by minister or vice minister-level official.

The committee should be in charge of preparing detailed agreements and have working-level consultation body with experts present.

South Korea insists on forming three committees on economic, social-cultural, and travel-telecommunication fields while North Korea demands only two, one on economic and another on all other issues.

This will be tackled at Tuesday's contact, officials here said.

The two sides also remained apart on ways to authorize South and North Korean partners in cooperation projects, ensuring free and safe cross-border travel and reconnecting roads between the divided sides, officials said.

Both agreed on the need to open economic consultation and information exchange offices at the truce village, but North Korea insisted that these maters be discussed after the committee is formed.

Southern delegates made clear that they would not agree to adopting any subsidiary agreements before the two sides come up with concrete measures for family reunions, said the officials.

South Korea proposed as a priority project family reunion, at least for the aged people.

Pyongyang on Monday demanded that Seoul must first turn over Yi In-mo, a communist journalist who engaged in partisan activities during the Korean war.

Yi is serving a prison term for refusing to give up communism.

Daewoo Group To Supply Computers to North Korea

SK2704032092 Seoul KYONGHYANG SINMUN in Korean 27 Apr 92 p 1

[Text] The Daewoo Group will supply personal computers to North Korea in May to help modernize its administration network.

A relevant official of the Daewoo Group on 26 April revealed that "when Daewoo Group Chairman Kim U-chung visited North Korea last January, he suggested to North Korean President Kim Il-song that 16-bit computers were required for modernizing North Korea's administrative work, and they agreed on delivery before 15 April, President Kim's 80th birthday."

This official explained that after Chairman Kim returned, the Daewoo Telecommunications Company began making the computers for North Korea. However, production was suspended because trade relations between the North and the South withered up due to North Korea's nuclear issue, but production resumed with a view to shipment in May.

The Daewoo Group named this the "K-K Project" after Kim U-chung and Kim Il-song and is pushing for this project. When production is completed, Daewoo will send them to North Korea through Hong Kong. In order to erase the certificate of origin of the computers, the Daewoo Telecommunications Company has erased serial numbers of computers already made. The company will not put serial numbers on the new products.

Meanwhile, Kim Tok-chung, professor of Sogang University and elder brother of Chairman Kim U-chung, has been invited to attend the "forum on Northeast Asian economy" slated for 27 April to 4 May in Pyongyang. Thus, business circles predict that during his stay in Pyongyang, Professor Kim Tok-chung will discuss the details on supplying the computers, including time and method of shipment, with North Korean side.

The trade of advanced electronic products between the North and South of Korea is being planned for the first time.

PRC Sports Minister Arrives in Seoul

SK2604105792 Seoul YONHAP in English 1044 GMT 26 Apr 92

[Text] Seoul, April 26 (OANA-YONHAP)—Wu Shaozu, state physical culture and sports minister of China, arrived in Seoul Sunday for a seven-day visit here.

Wu said at his arrival statement that his Korean trip was aimed at learning sports skills from South Korea and thanking Korean enterprises that helped China during the 1990 Beijing Asian Games.

He declined to comment in detail on the timing of the Korea-China diplomatic normalization and the bilateral sports exchange agreement.

Wu is scheduled to meet with Korean Sports and Youth Minister Yi Chin-sam Monday and tour Korean sports facilities while staying here until May 2.

Signs Sports Science, Exchange Accord

SK2704122192 Seoul YONHAP in English 1213 GMT 27 Apr 92

[Text] Seoul, April 27 (OANA-YONHAP)—South Korea and China signed a sports science information and material exchange agreement Monday calling for joint participation in seminars and meetings between sports officials.

The agreement was concluded by Chong Song-tae, director of the Korea Sports Science Institute, and Lu Shaozhong, head of China's Academy of Sports Science.

Lu is visiting Seoul from Sunday, accompanying Chinese State Physical Culture and Sports Minister Wu Shaozu. Seoul and Beijing do not have diplomatic relations.

The five-article agreement is effective for four years from Monday. It calls for exchange of booklets on sports science, exchange of technological information on sports equipment, invitation of each other to seminars and international conferences and consultations between sports-related officials when necessary.

Wu, meanwhile, met with South Korean Sports and Youth Minister Yi Chin-sam and expressed hopes for increased sports exchanges between the two countries.

Wu said he wants to invite Yi to the first Northeast Asian Games opening in Beijing in May next year.

Japan Agrees To Help Rectify Trade Imbalance

SK2504031592 Seoul THE KOREA HERALD in English 25 Apr 92 p 8

[Text] Japan agreed to help Korean companies' exports in order to correct Korea's trade deficit with Japan, the Korea-Japan Economic Association (KJEA) said yesterday.

In a statement released Thursday after a two-day session of the 24th Joint Conference of the Korea-Japan Japan-Korea Economic Committees held in the Japanese city of Sendai, Korea agreed to strengthen its international competitiveness by adjusting its industrial structure.

The KJEA and the Korea-Japan Economic Association shared the view that they will boost cooperation between the two countries to contribute to the international society.

The two associations agreed to expand exchanges of personnel and culture to enhance mutual understanding between the two countries.

They agreed that Japan and Korea need to make every effort to promote cooperation in investment and technology between them.

The two countries also need to push for transfer of technology to Korea from Japan to boost technological ties.

The meeting was attended by 84 businessmen from Korea and 133 from Japan.

Manufacturers Fear Threat of Chinese Products

SK2504034792 Seoul THE KOREA TIMES in English 25 Apr 92 p 8

[Text] The Korean Trade Commission yesterday conducted a public hearing on alleged injury to domestic makers of cotton swabs and ice bar sticks because of increasing imports from China at a conference room in the Trade-Industry Ministry.

Headed by Kim Wan-sun, the commission has been investigating the case since Jan. 29 this year.

In November last year, 28 makers of cotton swabs and two makers of ice bar sticks lodged a joint petition with the commission complaining that they were seriously suffering from rising imports of cheap Chinese products since 1989.

In the petition, they called upon the commission to take due steps to curb imports from China.

The public hearing was attended by four manufacturers and two importers along with some from the Consumer Protection Board.

During the hearing, the four makers asked the government to restrict imports of cotton swabs and ice bar sticks from China and raise their customs duties over the next four years.

They also called upon the government to provide financial aid to the local producers.

In the meantime, the two importers said that the domestic makers of cotton swabs and ice bar sticks will be unable to strengthen their international competitiveness through such make-shift rescue steps to be taken by the government.

Citing that Korea lacks white birch used for the manufacture of cotton swabs and ice bar sticks and domestic makers are burdened with increasing labor costs, they contended that imports of cheap Chinese products would be beneficial to the nation's economy.

Based on the result of the public hearing and on-going investigation, the commission will rule on whether or not the domestic makers were injured by the imports from China next month.

Imports of cotton swabs and ice bar sticks were liberalized in 1977. At present, an 11 percent customs duty is levied on the imports but the rate is scheduled to decrease to 9 percent next year and 9 percent in 1994.

According to statistics from the customs office, imports of cotton swabs amounted to 909 tons worth $1.713 million last year. The volume showed an 8.1 percent increase from 841 tons registered in 1990, while the value rose 14.1 percent from $1.501 million.

Imports of ice bar sticks last year stood at $1.017 million worth of 1,726 tons compared with $469,600 worth of 507.9 tons recorded in 1990.

Meanwhile, domestic production of cotton swabs last year amounted to 2,671 tons, down 31 percent from 3,870 tons in 1990. That of ice bar sticks also decreased as much as 84 percent from 1,578 tons in 1990 to 253 tons last year.

Factory prices of cotton swabs averaged 0.24 won per unit last year compared with 0.2 won for imported goods, while those of ice bar sticks were 1.3 won on average against 1.03 won for imported products.

Affiliated with the Trade-Industry Ministry, the Korean Trade Commission was set up in 1987, modeled after the International Trade Commission of the United States, to check unfair trade practices by domestic and foreign enterprises.

Kim Chong-pil Announces Support for Kim Yong-sam

SK2704033192 Seoul YONHAP in English 0236 GMT 27 Apr 92

[Text] Seoul, April 27 (YONHAP)—Kim Chong-pil, a co-chairman of the ruling Democratic Liberal Party (DLP), announced Monday he will support executive chairman Kim Yong-sam for the party's nomination for president at the May 19 national convention.

Kim, leader of the New Democratic Republican Party faction, told reporters that as long as he had decided to support Kim Yong-sam he would do his utmost for the successful candidacy of the executive chairman.

He said that he would accept the honorary chairmanship of a committee to have Kim Yong-sam as the presidential candidate of the ruling party and Rep. Yi Pyong-hui would lead his faction as one of three chairmen of the committee.

For the revitalization of the nation's economy and progress for unification of the country, the smooth and stable succession of power by the ruling party was a must, Kim Chong-pil said.

"It is only natural," he added, "that Kim Yong-sam should lead the party in order to maintain the spirit of the three-party merger and to carry out difficult national tasks ahead."

Accordingly, the New Democratic Republican Party faction, with the exception of a few members including Rep. Yun Song-han, is expected to join Kim Yong-sam's camp, party sources said.

Prior to his declaration for Kim Yong-sam, Kim Chong-pil held a meeting of some senior 60 party members in his camp, including chiefs of local chapters, especially from Taejon and South Chungchong Province, his power base, and asked for their support.

Burma

Than Shwe Appointed Defense Services Chief

BK2504142092 Rangoon Radio Burma in Burmese 1330 GMT 25 Apr 92

[Notification No. 30/92 of the State Law and Order Restoration Council; dated 25 April 1992]

[Text] Apppointment of the commander in chief of the Defense Services:

The State Law and Order Restoration Council [SLORC] has appointed General Than Shwe, Army Serial No. 6710, deputy commander in chief of the Defense Services from the Office of the Commander in Chief of the Defense Services, Ministry of Defense, as commander in chief of the Defense Services effective 23 April 1992.

By the authority invested in me

[Signed] Major General Khin Nyunt, secretary-1, SLORC

NLD Leader, Daw Suu Kyi's Secretary Freed

BK2604124592 Rangoon Radio Burma in Burmese 1150 GMT 26 Apr 92

[From the program "News in Brief"]

[Text] U Chit Khaing, who was central executive committee member of the National League for Democracy [NLD] and convicted under existing laws on 15 May 1991, and U Maung Maung, U Ohn Maung, U Saw Chit Than, and U Tin Aye, who were members of the NLD Panel of Chairmen and convicted under existing laws on 30 January 1992, were released today from Insein Central Jail in accordance with Declaration No. 11/92 of the State Law and Order Restoration Council [SLORC] issued on 24 April.

Ma Theingi, who was personal secretary to Daw Suu Kyi and convicted under existing laws on 3 March 1992, and Ma Nita alias Ma Yin Yin May, who was a local employee at the British Embassy and convicted under existing laws on 19 November 1990, were also released today from Insein Central Jail in accordance with SLORC Declaration No. 11/92.

Lieutenant Colonel Than Tun, General Staff officer Grade-1 from the office of the Director of Defense Services Intelligence, and responsible personnel concerned went to Insein Central Jail this afternoon and released the seven detainees after explaining the home minister's order that commuted their remaining sentences in accordance with SLORC Declaration No. 11/92 issued on 24 April. The detainees were reunited with their families after their release.

U Nu, Other Leaders Freed

BK2504131992 Rangoon Radio Burma in Burmese 1215 GMT 25 Apr 92

[Text] Release From Detention and Restriction of U Nu, Who Formed a Parallel Government, and Four Members of His Parallel Government:

Authorities concerned went to the respective homes of five remaining members of the U Nu parallel government who have not resigned—U Nu, Bohmu Aung, U Than Sein, U Ba Swe, and Thakin Khin Aung—this afternoon and released them after explaining to them that the restriction order has been lifted in accordance with Declaration No. 11/92 of the State Law and Order Restoration Council issued on 24 April.

U Nu and the aforementioned four members of his parallel government were arrested on 29 December 1989 because they were listed as Cabinet members of the parallel government of U Nu formed on 9 September 1988. It was learned that the restriction order was placed on them under Article 10-B of the Law Safeguarding the State from Destructive Elements.

Release From Detention of Seven Members of the Patriotic Old Comrades League:

Seven members of the Patriotic Old Comrades, who were serving jail sentences after legal action was taken against them under existing laws, were released today from Insein Central Jail in accordance with Declaration No. 11/92 of the State Law and Order Restoration Council issued on 24 April.

The seven members of the Patriotic Old Comrades League who were released today were: U Shwe, Thiha Thura U Po Thein, U Hla Pe, U Khin Maung Tun, U Myo Aung, U Steven Kyu, and U Ba Htay.

Authorities concerned went to Insein Central Jail this afternoon and released the seven detainees after explaining the Home Minister's Order, which commuted their remaining sentences in accordance with No. 11/92 of the SLORC issued on 24 April. The detainees were reunited with their families after being released.

U Nu in 'Very Good Shape'

BK2604135692 Hong Kong AFP in English 1252 GMT 26 Apr 92

[Text] New Delhi, April 26 (AFP)—Burmese dissident U Nu, freed from jail Saturday by the junta in Rangoon, is in "very good shape" and credits Buddhism for giving him strength in prison, his daughter here said Sunday.

Than Than U told AFP she spoke for about seven minutes with her father, who turns 85 next month, and mother Daw Mya Yi, 81, who had also been detained, a few hours after their release.

"Mainly I asked about their health," said Than Than U, who works for All India Radio's Burmese-language service.

"He said that because he and my mother are both very religious minded, they are both in very good shape."

U Nu had been detained since December 1989 for refusing to dissolve a "parallel" government which he had formed during massive pro-democracy unrest in Burma the previous year.

He was Burma's last democratically elected prime minister before he was toppled in a 1962 coup.

His release, and that of seven other political prisoners, followed the resignation Thursday of General Saw Maung as head of the all-powerful Burmese junta, which has been widely condemned for human rights abuses.

Than Than U, 45, said the call from home—where the phone was reconnected Saturday—was "so sudden, I didn't expect it," and that she did not discuss with her father the significance of Saw Maung's resignation.

Nor did they talk about the fate of other jailed democracy activists, including Nobel Peace Prize winner Aung San Suu Kyi, who remains under house arrest in Rangoon.

Than Than U said she expected to talk again with her parents soon, adding that U Nu's release appeared to be unconditional—"and even if (the junta) had put conditions, I think he would not have agreed to them."

Aung San Suu Kyi's Husband, Sons To Visit

BK2504135492 Rangoon Radio Burma in Burmese 1330 GMT 25 Apr 92

[Text] It has been learned from authorities concerned that Mr. Michael Aris, husband of Daw Aung San Suu Kyi and British citizen; Alexander John Christopher Aris, her elder son; and Daniel Kim (Alendro) Aris, her younger son; will be allowed to enter Burma to allow a family reunion.

Guerillas Expecting Situation To Worsen

BK2604013692 Bangkok THE NATION in English 26 Apr 92 p A4

[Text] Chiang Mai—Thai border officials and anti-Rangoon ethnic guerrillas expressed fear over the possibility of the political and economic situation worsening due to the changeover to a more hardline Burmese leadership.

Spokesmen of the Karen National Union (KNU) and the Mong Tai Army (MTA) of drug warlord Khun Sa said they expected intensified military deployment and fighting in their areas, due to the resignation last Thursday of Burmese junta leader Gen Saw Maung and the subsequent promotion of Gen Than Shwe as his successor.

Thai customs officers in Mae Hong Son Province shared views similar to those of the Karen and the MTA, but added that if such a scenario took place, then the Thai border trade with Burma will be adversely affected.

Thai exports in the province, they said, are mainly daily and basic necessities, while the imports from Burma are mostly logs.

"If the new leader toughens policy to suppress the ethnic minorities, then Thai merchants would certainly be too afraid to do business," one of them said.

Some timber businessmen, who have sub-contracts from Thai traders with logging concessions from Rangoon, said they might give up their contracts, fearing great loss, due to a possible increase in the fighting between Rangoon and ethnic forces.

They claimed that some of their workers and trucks were seized for ransom by Burmese trops in revenge for losing men to the Thai army when they were repulsed while violating Thai teritory in March.

Thai customs officers in Chiang Dao District said they did not expect Thai-Burmese crossborder trade there to be affected greatly, as Rangoon always monopolized and restricted some goods and was still in great need of Thai products.

But business would be affected if Rangoon called for registration of all Burmese traders and scheduled new taxes, they said.

At the same time, the KNU and the MTA said they were afraid of a heavier war between their groups and the Burmese Army as Gen Than Shwe was a "militant person, who likes to use force and loathes negotiations."

The MTA, said its spokesman, wanted to see unity and cooperation among all anti-Rangoon ethnic groups. "Only then (when we have unity and cooperation) shall we be able to topple the Burmese military regime and get our own land," he said.

Expulsion of 8 NLD Assembly Members Announced

BK2504110392 Rangoon Radio Burma in Burmese 1330 GMT 24 Apr 92

[Press Release No. 18/92 of the Multiparty Democratic General Commission, dated 24 April 1992]

[Text] The commission hereby announces that the following submissions from some political parties registered with this commission have been put on record:

1. Submission from the National League for Democracy [NLD] on expulsion from the league of eight persons whose status as elected members of the People's Assembly has been revoked in accordance with the People's Assembly Election Law. These persons are:

A. U Saw Chit Than, Pa-an Township constituency-1
B. U Hla Pe, Launglon Township constituency-1
C. U Tin Aye, Mandalay Northeast Township constituency-2
D. U Khin Maung Tun, Hmawbi Township constituency-2

E. Retired Colonel Thiha Thura Soe Thein, Sagaing Township constituency-1
F. U Khin Maung Win, Oktwin Township constituency-2
G. U Ohn Maung, Yawngwe Township constituency-2
H. U Maung Maung, Yegyi Township constituency-2

2. Submission from Mro Khami National Solidarity Organization that its headquarters has been moved from No. 27, Middle Street, Pyidawtha Ward, Kyauktaw, Rakhine State to the compound of U San Tha Aung, No. 294, U Oktama Road, Pyidawtha Ward, Kyauktaw, Rakhine State.

U Ohn Gyaw Meets Bangladeshi Counterpart

BK2704075092 Rangoon Radio Burma in English 0700 GMT 27 Apr 92

[Text] Bangladesh and Maynmar [Burma] on Friday opened talks on the future of people who have crossed over from Myanmar to Bangladesh according to officials.

A Foreign Ministry official said that the talks between the Bangladesh foreign minister, Mr Mustafizur Rahman, and his Myanmar counterpart, U Ohn Gyaw, lasted about three hours. The talks were held aboard a state-owned luxury steamboat cruising along the Burhi Ganga River near the capital.

The official also said that the foreign ministers treated their convictions and desires to resolve the issue in a spirit of cooperation and mutual trust. He added that Mr. Rahman and U Ohn Gyaw had directed officials in their teams to work out a framework to resolve the problem.

Brunei, Malaysia & Singapore

Malaysia

SRV Seeks Aid in Setting Up Free Trade Zones

BK2604150692 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 26 Apr 92

[Text] Vietnam has invited Malaysia to prepare proposals for the establishment of free trade zones in that country. International Trade and Industry Minister Datuk Sri Rafidah Aziz said today the invitation was made during the recent visit of Datuk Sri Dr. Mahathir Mohamed to Vietnam. Two sites, Da Nang and Haiphong, were given. However, Malaysia will probably make a proposal for Ho Chi Minh City. She told reporters this after opening a seminar on vision 2020 organized by Sungai Petani UMNO [United Malays National Organization].

Datuk Sri Rafidah said she had promised Vietnam to send a technical delegation to that country to evaluate the feasibility of the sites. The minister said Malaysian companies could function well in Vietnam if they could offer a comprehensive business package.

She added that both countries had agreed to undertake joint ventures worth 100 million ringgit in various fields, including light industries and engineering-based and resource-based industries. These did not include the Hotel Equatorial project worth 60 million ringgit, the agreement of which had already been signed.

India Seeks Defense Technology, Hardware Market

BK2704055692 Kuala Lumpur BERNAMA in English 0422 GMT 27 Apr 92

[Text] Kuala Lumpur, April 27 (OANA-BERNAMA)—India is seeking a market in Malaysia for its defence technology and hardware, the general manager of the Projects and Equipment Corporation of India Limited (PEC), Commodore George Kailath, said Sunday.

India has the right kind of defence technology and hardware needed by Malaysia, he added.

"India produces 95 percent of its defence needs and has only opened the door for its defence products for overseas markets recently," he told BERNAMA at the Defence Services Asia Exhibition here.

The range of equipment and services offered for export include ordnance, explosives, propellants, tracked vehicles, ships, aircraft, strategic electronics, communication equipments and simulators.

Kailath said the products offered for export were tested and had proven their worth, and if required they could be re-engineered or modified according to the buyers' requirements.

India hopes that Malaysia would consider the 105-mm light field gun made by PEC as it increased the fighting efficiency of Rapid Deployment Forces which Malaysia was going to set up soon.

Need for Written Consent on Islamic Law Rejected

BK2404150192 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 24 Apr 92

[Text] The present government will not make any written agreement with the PAS-led [Pan Malaysian Islamic Party] Kelantan government regarding its willingness to allow implementation of Hudud or Islamic penal laws in the state.

Prime Minister Datuk Sri Dr. Mahathir said today he did not see the need for the written undertaking requested by the Kelantan government because the federal government had expressed its readiness to amend any aspect of the federal Constitution which might prevent the implementation of Hudud laws. The federal government will only amend the laws to free the Kelantan government of obstacles which they say exist. The federal government wants to know what the hinderances are and why there is a need for an agreement. The prime minister was speaking to reporters on his return from a five-day official visit to Vietnam.

He was commenting on Kelantan Menteri Besar [Chief Minister] Haji Nik Abdul Aziz Nik Mat's request to the federal government for a written undertaking on its consent to implement Hudud laws in Kelantan. He said if the Kelantan government insisted on a written agreement it could make one but the federal government would not be a party to it. Elaborating, he said he could accept PAS' assurance that implementation of Hudud laws would not bring chaos. He also rejected the Kelantan government's view that everyone would be afraid to commit crimes if Hudud laws were implemented. He spoke of countries that implemented the Hudud laws but if women were to walk alone they will not return. No reports were lodged.

To another question, the prime minister said if Hudud laws were implemented in Kelantan the federal government would not withdraw police personnel from the state because they had other duties to perform. So is the case with the existing judicial system. Datuk Sri Dr. Mahathir said they can try their system using their hit men to arrest people and chop off their hands.

Singapore

Australia Said Not 'Threatened' by AFTA

BK2404155292 Singapore THE STRAITS TIMES in English 22 Apr 92 p 40

[Text] Australia shares ASEAN's interest in keeping world markets open and does not feel threatened by region's free trade area proposal, the country's treasurer, Mr. John Dawkins, said yesterday.

Addressing the Singapore Foreign Correspondents Association yesterday, he said: "I think Australia along with the countries of this region has the greatest interest in an open and free trading system."

"The countries of this region rely very much on the North American market and the European markets remaining open for them." And so do Australians, he added.

"And therefore, we see the thrust towards a freer trading system among the ASEAN countries as essentially a very positive development."

Mr. Dawkins said any arrangement like the ASEAN Free Trade Area (AFTA), which lowered levels of protection, was "inevitable and highly desirable."

He said Australia went through a similar process in lowering trade barriers with its neighbour, New Zealand. Both countries "gained as a result," he said.

As the ASEAN countries introduced the AFTA strategy, their economies would benefit and become larger. "This is something which we very much welcome," he said.

On other issues affecting ASEAN-Australian economic reations, Mr. Dawkins said he did not want the Australian-initiated Asia-Pacific Economic Cooperation (APEC) concept to impede any of the operations of ASEAN.

"We understand that ASEAN has a very important role," he said. But the region could benefit from closer political and, increasingly, economic interaction.

He said he is not suggesting that APEC should become "anything like a trading bloc" of the kind seen in other parts of the world. In reply to a reporter's question, Mr. Dawkins said Australia did not aspire to ASEAN membership.

He said it was unnecessary for Australia to be a member of ASEAN for it to play its role in the region.

Four Former Communists Allowed To Return Home

BK2404110592 Singapore THE STRAITS TIMES in English 23 Apr 92 p 3

[Text] The Government has decided to allow four former members of the Communist Party of Malaya (CPM) who fled to Thailand in the mid-70s to return to Singapore.

The four, all Singapore citizens, are Mr. Ho Fui Shiong, his wife Tay Siok Ngoh, both 37, Mr. Ang Tiam Huat, and his wife Ong Geok Hoon, both 38.

They were among the ex-CPM members who emerged from the jungles at the Thai-Malaysian border following the signing of peace agreements between the CPM and Thailand and Malaysia in December 1989.

A Home Affairs Ministry statement yesterday said they had appealed to the Government to be allowed to return to Singapore, stating in their appeal letters that they had given up communism.

They also undertook to sever organisational ties with the CPM and pledged not to indulge in activities prejudicial to the internal security of Singapore.

"After interviewing them, the Internal Security Department [ISD] is satisfied that they genuinely want to start life afresh and will abide by the written undertakings they have given," the Home Affairs Ministry said.

In 1989, the Singapore Government made it clear that Singaporeans among the more than 1,000 guerillas hiding in the jungles would be allowed to return to Singapore if they proved that they had given up communism.

About 50 ex-CPM members of Singapore origins are believed to be still in Thailand, including a leader of the CPM, Fang Chuang Pi, nicknamed "The Plen."

The four, all former members of the Malaysian National Liberation Army, the military arm of the CPM, are believed to be the first group from the Thai-Malaysian border to be allowed to return.

The ministry said they also agreed to abide by five conditions imposed by the Government for their return. They have to get prior written approval from the ISD director if they wish to:

—Change their residential address;
—Travel outside Singapore;

—Seek or accept employment; and
—Issue public statements, address public meetings, take part in any political activiity or hold office, or take part in activities of an organisation.
—In addition, they must not knowingly associate with anyone who is currently or has been detained under security laws such as the Emergency Regulations of the Federation of Malaya or of the Colony of Singapore; the Preservation of Public Security Ordinance, 1955, of Singapore; or under the Internal Security Acts of the Federation of Malaya, Malaysia, or Singapore.

But they are allowed to associate with members of the ex-Political Detainees' Association—if they are also members.

The ministry said that Mr. Ho and Mr. Ang also have outstanding charges against them for failure to report for reservist duty. "They will have to face these charges," it added.

Under the 1970 Enlistment Act, they face a maximum fine of $5,000 [Singapore dollars] or three years in jail, or both fine and jail.

Two ex-CPM members were allowed to return to Singapore last year on compassionate grounds, but they were not Singapore citizens and neither came from the Thai-Malaysian border.

The first was Mr. Eu Chooi Yip, who returned in January last year from Hunan in China to be with his family. Five months later, the Government also allowed Indian National P.V. Sarma to enter Singapore on a social visit pass.

Cambodia

Ministry Reports U.S. Firms' Investment Interest

BK2504165892 Phnom Penh SPK in English 0412 GMT 25 Apr 92

[Text] Phnom Penh SPK April 25—Sixteen business firms in the United States have requested the Cambodian Government to invest in different trades in Cambodia, according to the Foreign Investment Department of the Ministry of Planning.

The investments requested by these firms included banking, hotels, airlines, taxi service, engineering, textile, restaurants, fish and lobster breeding, clothes making, production of cigarette, tires and beverage.

Ranariddh Representative Meets U.S. Group

BK2704104892 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 27 Apr 92

[Text] At 1500 on the afternoon of 23 April at Prince Norodom Ranariddh's residence in Phnom Penh, Prince Norodom Sirivuth, representative of Prince Norodom Ranariddh, chairman of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party, who is also in charge of the FUNCINPEC party's foreign affairs, received a nine-member U.S. delegation which was on a visit to Phnom Penh to search for the remains of the U.S. soldiers missing in war in Cambodia.

Thomas Paul, representative of the delegation and a Vietnam war veteran, expressed deep thanks to Prince Norodom Sirivuth for welcoming his delegation.

On that occasion, Prince Norodom Sirivuth informed the delegation of the rapid development of the process to settle the Cambodian problem. He said that within the next few months, that is in April 1993, a new legal government to be elected by the people will govern Cambodia, adding that by then peace and stability will prevail.

The prince said that Cambodia always welcomes the American friends to invest in Cambodia so that it can quickly restore and develop its economy.

In conclusion, the prince thanked the U.S. delegation for visiting the FUNCINPEC office in Phnom Penh.

Chea Sim Closes 15th CPP Party Plenum

BK2604114792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 25 Apr 92

[Text] This morning the 15th plenum of the Cambodian People's Party [CPP] Central Committee terminates its works with success after the three-day session from 22 April to the morning of 25 April 1992.

Presiding over the closing ceremony were His Excellency [H.E.] Heng Samrin, honorary chairman of the CPP Central Committee and chairman of the State Council of the State of Cambodia [SOC] [second Heng Samrin title as heard]; H.E. Chea Sim, chairman of the CPP Central Committee, National Assembly, and National Council of the Kampuchean United Front for National Construction and Defense; and H.E. Hun Sen, vice chairman of the CPP Central Committee and chairman of the SOC Council of Ministers, as well as other excellencies, ladies, and gentlemen who are members of the CPP Central Committee Standing Committee and members of the CPP Central Committee, deputy ministers, and chairmen of the provincial party committees across the SOC. On that occasion, H.E. Chea Sim presented the following address:

[Begin Chea Sim recording] After three days of vigorous work, the 15th plenary session of the CPP Central Committee has achieved a number of important tasks aimed at concretizing the CPP's political program in the course of implementing the Paris 23 October accord for the cause of peace and national reunification in Cambodia. Based on the ample implementation of democracy with a high sense of responsibility for the fate of the country, nation, and people, the plenum has adopted in unison many resolutions, notably the ones endorsing the report on the latest development of the situation in Cambodia since the signing of the accord and the objective of the tasks to be fulfilled from now until elections are held as planned.

Initiating a number of concrete measures to further the CPP's political program constitutes a contribution to making the execution of this plenum's resolutions effective. And the plenum has also approved resolutions on streamlining the structure of the CPP Central Committee and holding an extraordinary session of the party in the future to decide on a number of essential issues.

Through the country and nation's major events since the end of 1991 to date, the CPP's extraordinary session has [word indistinct] the homecoming of His Royal Highness Prince Norodom Sihanouk and his consort and numerous tasks achieved by the UN Advance Mission in Cambodia [UNAMIC] and UN Transitional Authority in Cambodia [UNTAC]. The plenum is extremely pleased with the positive development of the Cambodian situation achieved since the signing of the 23 October accord [words indistinct] the peace process and national reunification in Cambodia under the skillful and clear-sighted leadership of HRH Prince Norodom Sihanouk—

head of state, father of the Cambodian nation, and chairman of the Supreme National Council of Cambodia—and with the assistance from the United Nations and international community as well as the active participation of all Cambodian parties.

In light of this achievement, the plenum wishes to highly extol for their patriotism the Cambodian people from all walks of life—intellectuals, Buddhist monks, students, minority ethnic groups, overseas patriots, party members, cadres, combatants, laborers, employees, and officials at all levels of the party and the government—who have rendered assistance and support [words indistinct] for the activities of the CPP and the SOC Government, chiefly in inviting HRH Prince Norodom Sihanouk and his consort to return home and in following the revered prince in his noble mission to achieve national reunification—this is the hope and aspiration of every Cambodian—for the sake of a peaceful and independent Cambodia with territorial integrity and prosperity.

In maintaining the military, security, social order, and economic situation and averting social crises, we have been able to surmount all sorts of natural calamities to stabilize social life which constitutes a vital component to ensure the normal course of the implementation of the 23 October peace accord with a view to holding general elections as planned. A variety of obstacles ensuing from the development of the new situation and from the instigation by the forces opposing the SOC have been overcome with patience [passage indistinct] the Paris accord. And clearly seeing the scope of the tasks and the weighty responsibility of the CPP, the SOC Government has paved its historic path from today toward holding elections [words indistinct].

The plenum's participants are highly determined and pledge to do whatever they can to continue successfully implementing the plenum's resolutions that call for the achievement of the objective of the political tasks and that of the Paris 23 October accord [words indistinct] by striving to stamp out [words indistinct] and phenomena that hinder the peace process and national reunification in Cambodia.

In this context, the party plenum again pledges to continue rendering its unswerving support, in conjunction with the entire Cambodian people, to Prince Norodom Sihanouk—head of state, father of the nation, and SNC chairman—in his noble task to bring about national reunification, restore peace, and develop the Cambodian society in keeping with the Sangkum Reas Niyum policy [passage indistinct] endorses his candidacy in the future presidential elections in Cambodia. The plenum maintains that the support is a [word indistinct] and key factor to the process of peace, stability, and social development at present and in the future. The CPP's political program should be concretized to serve the people's real interests [passage indistinct] in combination with international conditions to end war, thereby bringing about peace and national reunification on the basis of preventing the return of the disaster of the past. This is to safeguard the nation's social gains with a view toward abolishing the Cambodian people's poverty within the framework of a Cambodia—with independence, sovereignty, and territorial integrity—that firmly maintains a liberal democratic multiparty regime, implements a market economy, and respects human rights. [passage indistinct] in confronting the situation of various aspects [passage indistinct] the plenum has put forth a great many concrete measures to [words indistinct] peace by executing the plenum's resolutions [passage indistinct].

I wish to appeal to [words indistinct), party members, the party's and government's officials, and the compatriots in and outside the country to use their physical and moral strengths to actively participate in making the resolutions of the CPP Central Committee's 15th plenum materialize in our society's political life. This is to jointly enhance the peace process and national reunification in Cambodia [passage indistinct] toward rapid prosperity. All levels and sectors should dedicate attention to further creating, according to their ability, favorable conditions for the UNTAC. And they should continue close cooperation with the latter in carrying out its tremendous operation to implement the peace accord with efficiency.

I wish to call on all the Cambodian parties and various political parties, which will be free to participate in future elections, to select a constituent assembly to stress the great importance of the interests of the nation and motherland by implementing, with the most honest sincerity, the Paris 23 October accord, contributing to [words indistinct] maintaining a neutral political atmosphere and mutual trust toward electing a new government. They should join hands in harmony to rebuild and develop our beloved motherland of Angkor toward prosperity as other civilized countries in the world and to [word indistinct] a (?reunited) Cambodia, with independence and sovereignty, which will reoccupy its legitimate seat in the international forum.

Availing myself of this opportunity, I, on behalf of the CPP and the Cambodian people, wish to again extend profound thanks to the international community for its material and moral assistance for the cause of peace, national reunification, and development of a new Cambodia free from war, [word indistinct], hostility, and poverty. The CPP pledges to continue to do its utmost to stimulate the peace process supported and arranged by the United Nations and international community. The CPP firmly hopes that—thanks to the dexterity displayed by the prince father in his sublime mission to achieve national reunification; the joint support from the entire Cambodian people, CPP, and SOC Government, which follow him at all times; and the support and assistance from the international community—[word indistinct] peace would prevail in Cambodia and blossom, thereby bringing happiness and glory to the Cambodian motherland and people in the near future.

With the satisfactory results gained by the CPP Central Committee's plenary session, I, on behalf of the CPP, would like to express best wishes to the prince head of state and father of the Cambodian nation and his consort. May you both have supreme wisdom and long life and remain as the cool shade for your children in the process of promoting Cambodia's genuine peace, progress, and prosperity. May princess, princesses, excellencies, ladies, gentlemen, and the compatriots in and outside the country have all the best and every success in the performance of your tasks for the cause of the nation and motherland.

I now declare this plenum closed. [applause] [end recording]

Chea Sim Receives Student Appeal to Youths

BK2404054592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 23 Apr 92

[Appeal of the Cambodian Students Federation Committee to Cambodian youths "recently" received by Chea Sim—read by announcer]

[Text] We must be united and strengthen the bonds within our ranks in support of the State of Cambodia [SOC] Government under the leadership of His Excellency [H.E.] Heng Samrin, chairman of the SOC Council of State; H.E. Chea Sim, chairman of the National Assembly; and H.E. Hun Sen, chairman of the Council of Ministers. These excellencies are honest persons and genuine patriots. These excellencies have sacrificed their physical and mental efforts for the nation and state. Thanks to these three liberators, the people have been able to save their lives from Pol Pot's ferocious Khmer Rouge savages and their henchmen.

Dear friends: When one drinks water, one must not ignore its source. We must march together for the victory of our revolution and our noble struggle. Cambodia without these leaders would have become hell. Sincerely, the Cambodian Students Federation will always follow these leaders.

Dear friends, we must not wage a revolution within the revolution. We must let the government function effectively and continue to uproot corrupt practices.

Dear friends, silence is more important than words. When the motherland is in danger, anyone who does not yet belong to the Cambodian People's Party must become a member. It is through this party that, at a proper time, we must carry out good activities to suppress Pol Pot's Khmer Rouge clique. This is because anyone who committed murder with a dagger will himself be murdered by a dagger. Through revolutionary traditions, the Cambodian Students Federation recognizes and will always recognize the SOC Government under the leadership of H.E. Heng Samrin, H.E. Chea Sim, H.E. Hun Sen, and the CPP. The Cambodian Students Federation sternly condemns Pol Pot's Khmer Rouge savages and their henchmen for massacring some 3 million Cambodians. Despite UN intervention, Pol Pot's Khmer Rouge have continued to massacre and may continue to do so.

Please accept our immense support. Our struggle is our party. Our struggle is our motherland. Anyone who betrays the party, government, and motherland will be condemned most seriously by the dead.

[Signed] The Committee of the Cambodian Students Federation

Ranariddh Discusses DPRK, PRC Visits

BK2404080492 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 24 Apr 92

[Text] His Royal Highness [HRH] Prince Norodom Ranariddh, chairman of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party, member of the Cambodian Supreme National Council [SNC], and supreme commander and commander in chief of the National Army of Independent Cambodia [NAIC] who accompanied HRH Prince Norodom Sihanouk, head of state and chairman of the SNC, from Beijing to the Democratic People's Republic of Korea, said that he would attend the anniversary celebration of the Korean Armed Forces in his capacity as the royal representative of HRH Prince Norodom Sihanouk, as head of the delegation of Cambodia's Armed Forces, and also as representative of NAIC.

Before his departure, HRH Prince Norodom Ranariddh talked about the recent visit to China in an interview by the Voice of the Khmer radio correspondent in Phnom Penh. He said that during that visit, the Chinese Government accorded our delegation a very warm reception in our capacity as a government headed by HRH Prince Norodom Sihanouk. He said that China was very concerned upon learning that violations of the cease-fire agreement still took place in Cambodia. He went on to say that China had urged all Cambodian factions to make an effort to show sincerity toward one another and asked them to reconcile with each other because only this unity can guarantee peace, stability, and a glorious future for Cambodia.

The prince added that China had promised to help restore the economy and the overall situation in Cambodia and to provide assistance in Cambodia's reconstruction. He said that during that visit China gave 10 million yuan for Cambodia's reconstruction and promised to contribute more when Cambodia has a legitimate government.

UN Team Inspects Khmer Rouge Zone

BK2704060292 Phnom Penh SPK in English 0410 GMT 27 Apr 92

[Text] Phnom Penh SPK April 27—A U.N. peacekeeping team has carried out inspections in Khmer Rouge territory, marking the end of the radical factions's refusal to open their fortress to the United Nations, AFP quoted the chief military officer as saying here Sunday.

U.N. military officers spent Saturday evaluating two sites, north and south of Khmer Rouge Commander Ta Mok's headquarters at Anlung Veng in northern Cambodia, said U.N. Military Chief Lieutenant General John Sanderson.

"We went to the sites we wanted to see and now we need to move in by road to confirm the conditions of the roads", Sanderson said in an interview.

"They (the Khmer Rouge) are being more cooperative, no question", he said, "now we want even more cooperation out of them".

The United Nations needs to move freely within the Khmer Rouge-held territory in order to set up cantonment sites for the demobilization of Cambodia's Armed Forces, which is set to begin in June.

Previously, Khmer Rouge leaders were not allowing the U.N. peacekeepers to inspect the sites, saying that the United Nations must first verify the withdrawal of Vietnamese troops from Cambodia.

But Khmer Rouge leader Khieu Samphan changed his tune following a visit by U.N. Secretary General Butrus Butrus Ghali last week. Shortly after the secretary general's departure, he announced that U.N. teams could inspect five cantonment sites beginning Saturday.

The remaining inspections are to be carried out Wednesday and Thursday.

The United Nations is setting up 52 cantonment sites to house 30 percent of the armies of all four previously warring factions. The remaining 70 percent are due to be demobilized. The other three factions have already allowed U.N. inspections.

The inspection teams went to the sites looking for water, housing facilities, nearby building materials and ease of access. The suitability of the sites proposed is still being evaluated, but access by road is a problem, Sanderson said.

Crossing the old frontlines from Phnom Penh-held areas into Khmer Rouge zones often means crossing through minefields, Sanderson said.

"I've said we must have access by road. They've told us where the mines are, and I've asked them to assist in the clearance of mines", he said.

"Things are moving along very well," he said, "the big question for all of us now is the imminent wet season and the effect on our operations".

Six months of daily monsoon rains are due to begin within weeks, making roads virtually impassable throughout the country. Sanderson said flooding might block routes to cantonment sites, making the process of carrying out the peace plan more difficult.

Khieu Samphan Office on UN Chief's Aid Appeal

BK2704083792 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 26 Apr 92

["Confirmation by His Excellency Khieu Samphan's office in Phnom Penh revealing facts regarding the draft appeal calling for aid to consolidate the Phnom Penh side;" dated 25 April—read by announcer]

[Text] 1. On the afternoon of 19 April, the office of His Excellency [H.E.] Khieu Samphan, member of the Supreme National Council [SNC] and head of the Party of Democratic Kampuchea [PDK] received a draft appeal calling for aid to rebuild Cambodia. This draft appeal is an attempt to legalize and consolidate the Vietnamese-installed regime in Cambodia. This constitutes a violation of the Paris agreement.

2. On the evening of 19 April, H.E. Khieu Samphan spoke to H.E. Butrus Butrus Ghali, UN secretary general, about this issue of the draft appeal for aid and handed over a letter to him. H.E. Butrus Butrus Ghali told H.E. Khieu Samphan that it would be wrong to give the aid just to the Phnom Penh regime; that the aid should not be given to any party alone; that during the transitional period, only the SNC was the sole source of power in Cambodia; and that the United Nations would deal with the four Cambodian factions as equals without being partial toward any one party.

At the same time, H.E. Yasushi Akashi, special envoy of the UN secretary general and head of the UN Transitional Authority in Cambodia [UNTAC] also expressed his agreement with this opinion of H.E. Butrus Butrus Ghali, UN secretary general. At that time, H.E. Yasushi Akashi also informed H.E. Khieu Samphan that he would examine the draft appeal on the night of 19 April before presenting it to the UN secretary general for official pronouncement.

3. Due to lack of time to rearrange the document, his excellency the UN secretary general decided that he would not yet fully approve this draft appeal but would just make a short appeal.

As for the detailed draft appeal [words indistinct] for discussion by the four Cambodian factions and agreement within the SNC before making any decision.

4. However, on 21 April the office of the United Nations in New York publicized the main points in that old draft appeal for aid. Such a pronouncement might cause the world public opinion to misunderstand that H.E. Butrus Butrus Ghali, UN secretary general, and the other Cambodian factions have approved this draft appeal for aid to consolidate the Phnom Penh regime, despite the fact

that it is contrary to the Paris agreement. Such a case has caused a big misunderstanding in world public opinion.

5. For this reason, the office of H.E. Khieu Samphan, member of the SNC and head of the PDK in Phnom Penh, issued this confirmation on 25 April 1992 emphasizing the facts regarding the draft appeal of His Excellency the UN secretary general as mentioned above.

UN Secretary General's Statement Discussed

BK2604044892 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 25 Apr 92

["Article:" "The Cambodian people hope that the statement by the UN Secretary General would be concretely implemented by the Transitional Authority in Cambodia"]

[Text] The Cambodian people hope that the statement by the UN Secretary General would be concretely implemented by the Transitional Authority in Cambodia. On 20 April, before his departure from Phnom Penh, Butrus Butrus Ghali said that countries the world over support the United Nations and the UN Transitional Authority in Cambodia [UNTAC] which is implementing every clause to save Cambodia. Butrus Ghali further said that all necessary measures should now be taken to genuinely guarantee the smooth implementation of the Paris agreement, ensure that general elections in 1993 be held as planned, and ensure that Cambodian refugees staying in Thailand are smoothly repatriated.

The Cambodian nation and people are satisfied and immensely happy with UN Secretary General Butrus Ghali's statement which has a just and correct view and stance of world peace, security, and progress of mankind. This is just for the correct implementation of every clause of the Paris agreement on Cambodia. The Cambodian nation and people have firmly grasped the statement by Secretary General Butrus Ghali which says that:

1. Every clause of the Paris agreement will be implemented; and

2. The United Nations, UNTAC, the Supreme National Council [SNC], and all countries concerned with the Paris agreement, should take all necessary measures to, on the one hand, smoothly and correctly implement the Paris agreement, and on the other, to ensure a neutral political atmosphere in view of organizing smooth general elections in 1993 as planned. Furthermore, Cambodian refugees' repatriation from Thailand should be smoothly and safely carried out.

The Cambodian nation and people, like peace- and justice-loving people the world over, welcome this statement by Secretary General Butrus Ghali and are waiting to see UNTAC and the SNC implementing it in accordance with the essence and the direction UN Secretary General Butrus Ghali has clearly set out. This is the confirmation and handing over of this historical task by UN Secretary General Butrus Ghali to UNTAC and the SNC to implement well every clause stated in the Paris agreement.

This is also a yardstick to judge the role, duty, honor, and influence of UNTAC and the SNC vis-a-vis the Cambodian nation and people and toward people and countries the world over in the implementation of the Paris agreement on Cambodia.

SRV Spokesman 'Totally' Denies Troop Presence

BK2504110192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 25 Apr 92

[Text] The spokesman of the SRV Embassy in Cambodia on 22 April issued a statement totally rejecting many reports according to which there are Vietnamese troops in a number of areas of Cambodian territory. The statement pointed out that these fabrications not only run counter to the efforts to increase understanding and the traditional friendly relations between the two countries, Vietnam and Cambodia, but also affect cooperation to implement the Paris agreement on Cambodia.

The spokesman stressed that the statement by the SRV Government on 24 Oct 1991 during the signing of the peace agreement on Cambodia clearly says that Vietnam unilaterally withdrew all its troops from Cambodia in September 1989. The SRV, in the past as in the present, fully honors its promise and is always ready to cooperate with concerned parties to scrupulously implement the agreement on Cambodia.

Status of Treaty Implementation Discussed

BK2404050792 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 23 Apr 92

[Station "article:" "Everything Can Proceed Smoothly in Conformity With the Paris Accord If the Issue of the Presence of Vietnamese Invading Forces in Cambodia Is Resolved First"]

[Text] So far, the course of the Paris accord's implementation continues to be put on hold because the key issue of the presence in Cambodia of all categories of Vietnamese aggressor forces remains unsettled. Consequently, the other clauses of the accord cannot be applied. For instance:

1. The issue of organizing elections: Elections can only be organized if required conditions are sufficient, including a neutral political environment and safety both in Phnom Penh and provinces across Cambodia; and

2. The issue of restoring and rebuilding the country: The restoration and reconstruction cannot be carried out if war is not yet brought to a halt. And to end the war, the Vietnamese must withdraw completely from Cambodia otherwise reconstruction aid and other humanitarian assistance will definitely fall into the hands of the

Vietnamese, who will certainly employ them to further their war of aggression in Cambodia.

The Cambodian people and national resistance forces have repeatedly made clear that all the clauses of the Paris 23 October accord have to be executed from start to finish. Because we have clearly realized that if the root cause of the problem is not completely eradicated, solutions to other issues can never be found. All in all, this will only hold up the implementation of the agreement, thereby allowing the Vietnamese to further legitimize their position to continue their war of aggression and occupation of Cambodia.

Therefore, to speedily and correctly implement all the clauses of the Paris accord, it is imperative to take the following two measures beforehand:

1. Monitoring forces of the UN transitional authority in Cambodia [UNTAC] and four Cambodian parties should be deployed in eastern Cambodia, Phnom Penh, and throughout the country to verify and make sure that all categories of Vietnamese aggressor forces have withdrawn from Cambodia; and

2. The Cambodian parties' armies should be dissolved 100 percent.

Khmer Rouge Stance on Election Clarified

BK2504012692 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 24 Apr 92

["Article": "Whether the Election in Cambodia Can Speedily Proceed or Not Depends on the Establishment of a Neutral Political Atmosphere in Phnom Penh and Throughout Cambodia"]

[Text] A free, democratic, just, and fair election is the final goal of the Paris agreement and the aspiration of all strata of the Cambodian people of all political tendencies in and outside the country. However, this election should be held in a genuinely peaceful and neutral atmosphere.

To this day, is there a peaceful and neutral atmosphere in Phnom Penh and throughout Cambodia? No. The situation in Phnom Penh and the provinces is not secure. Planned terrorism has been successively and systematically carried out. Nationalists and various politicians are constantly watched and intimidated by the A-3 [police force] and Vietnamese secret agents while Vietnamese forces continue to commit aggression against and occupy Cambodia. In such a situation, can the Cambodian people fully enjoy their rights and freedom in a free, democratic, just, and fair election? No. On the contrary, holding an election under the bayonets of Vietnamese troops and the state authority propped up by the Vietnamese aggressors is simply tantamount to legitimizing Vietnam's act of aggression and occupation of Cambodia.

Therefore, this kind of election is unjust and runs counter to the goal of the Paris agreement and a violation of the people's right to self-determination. Thus, in order for the Cambodian people to have ample opportunity to vote freely, democratically, justly, and fairly in accordance with the Paris agreement, it is necessary for the United Nations and the four Cambodian parties to consult and discuss with one another to quickly establish a peaceful and neutral atmosphere. The concrete measures are the following:

1. To control and ensure that Vietnam withdraw all types of its aggressor forces from Cambodia and prevent Vietnamese forces and weaponry from returning to Cambodia;

2. Disarm and dissolve 100 percent of all Cambodian parties' Armed Forces, including the A-3 force of Vietnam and the Phnom Penh side;

3. The UN Transitional Authority in Cambodia should play its full role as the state authority during the transitional period in Phnom Penh and the provinces.

Address on Troop Dissolution Reported

BK2704084392 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 26 Apr 92

["Address by the representative of the National Army of Democratic Kampuchea at the meeting in Phnom Penh on 25 April of the Mixed Military Working Group, first level"—read by announcer]

[Text] His Excellency [H.E.] General Sanderson:

First of all, I would like to express thanks to you and joy for setting up today's agenda dealing with the dissolution of the four Cambodian parties' forces and your efforts to put forward reasons lending weight to the 100 percent disarming and dissolution of all four Cambodian parties' Armed Forces.

As Your Excellency knows, before signing the agreement and even after the signing, the Party of Democratic Kampuchea [PDK] has always assisted and supported the astute proposal of His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council [SNC], for the 100 percent dissolution of all four Cambodian parties' Armed Forces within a short time. Your Excellency is well aware of all this through addresses made by H.E. Khieu Samphan and H.E. General Son Sen, and through the successive statements by the PDK. Now I would like to only summarize these reasons as follows:

1. The first part of Article 5, Annex 2 of the Paris agreement, talks about the final decision on the forces, weapons, ammunition, and war materiel of all Cambodian parties, and says that in order to strengthen the direction toward a comprehensive solution, to prevent the recurrence of fighting, to maintain calm and stability, and to create conditions for all parties to have increased

mutual trust, all Cambodian parties pledge to dissolve at least 70 percent of their Armed Forces.

According to the spirit of this sentence, we clearly see that the more the Armed Forces of all four Cambodian parties are dissolved the more the factor ensuring calm, stability, and mutual trust to prevent the recurrence of fighting increases. This means that if 100 percent of all four Cambodian parties' Armed Forces are dissolved, the goal for a comprehensive solution, as stipulated in the Paris agreement, would be fully achieved. It is with this aim that H.E. UN secretary general and the UN Security Council have appealed to all four Cambodian parties to agree to the 100 percent dissolution of troops before the establishment of an electoral register to ensure peace and security and genuinely free and fair elections. The PDK fully supports this appeal.

2. In fact, the cantonment, disarming, and 100 percent dissolution of all four parties' Armed Forces will certainly ensure that foreign forces, which are still hiding among the Armed Forces of any Cambodian parties among the four parties, cannot carry out military activities and violate the cease-fire. In the end, these foreign forces would be compelled to withdraw from Cambodian territory, thereby achieving the goal stated clearly in the agreement, namely the withdrawal from Cambodia of all types of foreign forces.

On the contrary, if measures are taken to maintain even 30 percent of Armed Forces, what is there to guarantee that there are no hidden foreign forces within the Armed Forces of any one Cambodian party? What is there to guarantee that these foreign forces do not carry out activities to create unrest one day in Cambodia before or after the election?

I agree with General Sanderson that the disarming and dissolution of Armed Forces are related to mutual confidence, freedom of movement, and honesty. The factor guaranteeing the realization of all this is not related only to the four parties. As long as there are no foreign forces in control of Cambodia, there will be no obstacles preventing the Cambodian people from having mutual trust, living peacefully, and uniting and cooperating to defend and build the ruined country. Therefore, mutual trust, freedom of movement, and honesty are inseparable from all types of measures, particularly the deployment of UN forces and representatives of all four Cambodian parties along the eastern border and in various provinces, such as Stung Treng, Kompong Cham, Kampot, and so on, to ensure that all types of foreign forces no longer remain in Cambodia and that these forces do not return to Cambodia.

How can there be mutual trust if foreign forces continue to carry out all kinds of maneuvers to get the world to accept the troop withdrawal farce staged in September 1989 as the truth? Even after that September, the Cambodian people and foreign observers acknowledge that foreign forces continue to operate throughout Cambodia. How can there be mutual trust if foreign forces continue to carry out maneuvers, incessantly avoid withdrawal from Cambodia through this or that design? This is another reason for arguing that it is neccessary to disarm and dissolve 100 percent of all four parties' Armed Forces in order to cleanly solve this problem and to avoid suspicion among all parties.

Furthermore, I agree with the reason in the statement by Your Excellency general saying that the 100 percent dissolution of all four parties' Armed Forces will shorten the time these forces have to stay in garrisons during which we have to provide food, medicine, and housing. On this point, I am convinced that all parties are facing difficulties through lack of money to build camps, let alone sustain the troops over the next four or five months. Furthermore, if these Armed Forces are 100 percent dissolved within a short time, they could join their families and relatives to work the land or earn their living straightaway.

In sum, this is an essential reason. With security and realistic living conditions in mind, we clearly see that it is imperative to disarm and dissolve quickly 100 percent of all four Cambodian parties' Armed Forces. Based on this spirit we propose that after all parties' Armed Forces are properly grouped in garrisons, the process of dissolving these forces should be completed within one month. On one hand, this is to reduce the expenses each party and UNTAC [UN Transitional Authority in Cambodia] have to bear, and on the other, to allow these troops to return to their villages and communes to carry out production in accordance with their desires and ability. In particular, this is to quickly end both physical and moral insecurity which the Cambodian people are encountering due to the presence of foreign forces, Armed Forces, war machines, and repression machines of various Cambodian parties.

Only this way can the Cambodian people dare to express their views and carry out various activities to create a neutral political atmosphere which is necessary for ensuring that elections are free, correct, and fair, and so that Cambodia has national reconciliation and durable peace and security.

More Cease-Fire Violations in Kompong Thom Noted

BK2604064292 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 25 Apr 92

[Text] Reports from Kompong Cham Province say that on 20 April, the Vietnamese aggressors in the 2d Military Region in Kompong Cham dispatched seven truckloads of their troops to Kompong Thom to continue attacking and massacring people and burning people's houses and property in Stoung and Kompong Svay Districts.

This is violating the 23 October 1991 Paris agreement and the cease-fire the four Cambodian parties and the UN Transitional Authority in Cambodia [UNTAC] agreed to on 1 April 1992 in Kompong Thom. People in Kompong Svay and Stoung Districts in Kompong Thom

Province firmly demand that UNTAC and the Supreme National Council supervise the implementation of the 23 October 1991 Paris agreement, and particularly review the decisions of the meeting of the four Cambodian parties and UNTAC concerning the cease-fire in Kompong Thom to prevent the Vietnamese aggressors from committing such a violation.

Fresh Troops Arrive

BK2504013492 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 24 Apr 92

[Text] People's sources in Kompong Thom, Siem Reap, and Kompong Cham Provinces say that Vietnam and the Phnom Penh side are currently bringing in 1,000 fresh troops to Kompong Thom Province. The reports say that 700 soldiers from the 2d Military Region have already arrived in Kompong Thom Province; 500 of these soldiers are deployed in San Kor Township and the other 200 on Route 12.

Troops from Svay Rieng and Kompong Cham Provinces of the (?4th) Military Region are being brought to Kompong Thom. The reports say that these fresh troops have been included in the Phnom Penh side's 5th Division; they do not remain separate according to their military regions the way it was before the cease-fire was agreed upon in Kompong Thom.

This is a violation of the 23 October Paris agreement and the Kompong Thom cease-fire. The people say that they want the UN Transitional Authority in Cambodia and the four Cambodian parties to take measures to check that reinforcement forces brought from outside are all withdrawn from Kompong Thom and to prevent Vietnam and the Phnom Penh side from sending fresh forces to Kompong Thom to conform with the Kompong Thom cease-fire and the 23 October 1991 Paris agreement.

Agreement Violations Reported in Battambang

BK2504042692 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 24 Apr 92

[Text] Reports from Battambang District in Battambang Province say that on 17 April, the Vietnamese aggressors brought five truckloads of their forces in Division 94 from Leach District in Pursat Province, and five truckloads of troops from Division 196 from Route 10 to take part with their forces in Division 95 in Taphde to attack and massacre people in Koah Kralar, (Boeng Veal), and at (Phnum Ten) in Battambang District, Battambang Province.

At the same time, the Vietnamese aggressors fired many artillery shells and multiple rockets and also laid thousands of mines which killed or injured many of our people going out to earn a living in the area; cattle have also been victims of Vietnamese mines.

This is a violation of the 23 October 1991 Paris agreement and a continued violation of the cease-fire among activities by the Vietnamese aggressors in constant and systematic violation of the peace agreement. People in Battambang Province are very angry with the Vietnamese aggressors' criminal activities.

People in Koah Kralar in Battambang Province firmly demand that the Vietnamese aggressors immediately stop these insane activities. The people in Battambang Province would like to protest to the UN Advance Mission in Cambodia and the Supreme National Council to check and ensure that Vietnamese aggressor forces are withdrawn immediately from Battambang so that the people can work their land as it is the time of the season to work.

KPNLF Urges Protest Against Corrupt Minister

BK2504074292 Hong Kong AFP in English 0617 GMT 25 Apr 92

[Text] Phnom Penh, April 25 (AFP)—The opposition Khmer People's National Liberation Front (KPNLF) advocated Saturday an anti-corruption demonstration against the Phnom Penh minister of industry.

The KP Bulletin said the minister, Chan Phin, along with the head of the ministry's trade union and the head of the Russeikao Technical School, had sold a state-owned building for 150,000 dollars and pocketed the money.

Citing an anonymous letter sent by people in the three institutions, the KP Bulletin said people "need to be given the right to make demonstrations against the three."

Violence spurred by anti-corruption demonstrations in the capital in December resulted in the deaths of up to 10 people. Since then, all demonstrations need the written permission of Phnom Penh government authorities.

The KP Bulletin also said the KPNLF office here has been flooded with complaints about human rights abuses by police in the provinces, and it apologized for not having the space to print all of them.

Among the alleged abuses is a case in Kompong Speu Province, south of Phnom Penh, on April 7 in which three people were "taken away to be punished" by a group of men in police uniforms who accused them of saying publicly that the police are corrupt and oppressive.

In another case cited in Prey Veng Province near Vietnam, the KP Bulletin said that on April 16, a man was beaten unconscious by 12 policemen "for putting his hand into the affairs of police."

The KP Bulletin is one of a handful of weekly opposition publications available in the capital.

Harassment Practices Against Citizens Condemned

BK2504045692 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 25 Apr 92

[Editorial of an undated weekly bulletin of the Khmer People's National Liberation Front: "Stop Harassing the People"]

[Text] The accord signed in Paris on 23 October 1991 constitutes an agreement that all Cambodian parties should allow the Cambodian people to fully enjoy their rights as the owner of the country to elect the country's leaders according to their wish. As such, now all the Cambodian parties should regard the people as the holder of the key to the nation who deserve all kinds of respect. The people should not be treated as servants, slaves, or kids by those who put themselves down as leaders, masters, or supervisors. And Cambodians should not use arms, force, or muscle to harass the people no matter what.

Have the people already fully obtained this prerogative at present? All the parties have, however, claimed that they have already handed over the sublime privilege to the people. But so far, the Cambodian people have only seen rights abuses, arbitrary arrests, accord violations, and intimidation to extract support and ballots from the people. As for us, we have witnessed a number of the cruel activities as well. The general public has witnessed their cowardly maneuvers to deprive the people of their rights and freedom—such as abduction at gunpoint, attempted assassination in cities, arrests, imprisonments, and night raids. They have also witnessed soft handling methods. We think that these constitute their astute methods of combining intimidation with cuddling and threats and buying the people's heart with the excess money—the leftovers of their packs—to make themselves tycoons.

Anyway, will those practices be effective? The answer from the Cambodian people is that those actions have more clearly shown their weaknesses. The fanfare about arrests shows that they are barbarous; the publicity about the use of military or police forces indicates that they are despotic; and the boast about considerable money to distribute to the people in an unjustifiable manner demonstrates that they use the small amount of money from their corrupt practices to sell out the nation to buy the people's priceless rights. The shootings to kill prove that they are the people of no recourse and proper means to muster support from the people. All in all, those methods are the most inappropriate.

Therefore, the most suitable methods are the ones that allow the people to act freely. As criticisms from all milieus should be heeded, including those expressed by the people via the weekly bulletin of the Khmer People's National Liberation Front [KPNLF], that appears so far as the only forum for the people to convey their opinions. If these processes can be carried out, conflicts between the people and those in power and between one party and another will die down for certain.

The KPNLF led by His Excellency Son Sann, which is to be transformed into the Liberal Democratic Buddhist Party, will in no way compromise with any party that uses the people as tools, hurls threats at them, and suppresses their rights and freedom. Unambiguously, we consider ourselves the real savior, servant, and defender of the people.

Indonesia

Senator Says U.S. Not To Dictate on E. Timor

BK2304161892 Jakarta ANTARA in English 0937 GMT 23 Apr 92

[Text] Jakarta, Apr 23 (OANA-ANTARA) - U.S. Senator David Boren said here Thursday that his country would not dictate its wishes to Indonesia over the East Timor issue, especially after President Suharto himself had issued an important decision following the November 12, 1991 incident in Dili.

We do not intend to dictate Washington's wishes to this country, he told newsmen after together with his colleagues Senator Clairborne Pell paid a courtesy call on President Suharto.

The two senators were accompanied by the U.S. ambassador to Indonesia, John C. Monjo.

Just like the Indonesian people, the Americans also felt concerns about the November 12, 1991 incident. However, the U.S. really appreciated the setting up of the National Investigation Commission (KPN) to probe into it, he said.

He further said that his government respected the recommendations made by the KPN.

KPN, in its report to the head of state on December 26, 1991, stated that the incident had killed around 50 and that security officials had been overreactive in their efforts to deal with the incident.

The commission recommended as well that anyone found guilty in the incident be punished in accordance with the law.

Several days after President Suharto received the KPN report, in his capacity as the supreme commander of the Indonesian Armed Forces (ABRI), he dismissed Maj. Gen. Sintong Panjaitan (chief of the Udayana Military Command which supervises Bali, East Timor, and Lesser Sunda islands) as well as Brig. Gen. Rudolf Samuel Warouw, the military commander of East Timor, from their posts.

The president also ordered the setting up of a military honorary council (DKM).

Asked why he brought up the East Timor issue again during his visit here, Boren said, as a friend, we just want to express our views openly.

Earlier, State Minister/Secretary Murdiono confirmed reports that the two U.S. senators had expressed the wish to visit East Timor, a former colony of Portugal, which is now Indonesia's 27th province.

The wish was turned down as Jakarta saw there was no need for them to go to the province.

Why should they go there? The East Timorese should be left in peace and develop their welfare without any interference, Murdiono said.

Boren and Pell are both Democrats respectively from Oklahoma and Rhode Island. The former, 51, is chairman of the Senate Select Committee on Intelligence, while the latter, 74, is chairman of the Senate Foreign Relations Committee.

Boren said he would have to respect all the Indonesian Government's decisions, saying that he was only a guest in this country.

Spokesman of the U.S. Embassy here Richard M. Gong said the senators would stay in Indonesia from April 22 to 26.

Gong also quoted Boren as saying that they had no particular agenda other than "listen and learn" as Indonesia has been playing a leading role in the Nonaligned Movement (NAM).

APEC Concept Difficult To Materialize

BK2504170492 Jakarta ANTARA in English 0652 GMT 25 Apr 92

[Text] Jakarta, April 25 (ANTARA)—Two international political observers of the Surabaya-based Airlangga University (UNAIR) are of the view that the Australian concept for the establishment of a forum of the Asia Pacific Economic Cooperation (APEC) is still difficult to materialize in the countries in the Asia Pacific region.

Asked about their opinion on Australian Prime Minister Paul J. Keating's visit to Indonesia, the two observers, Sujadino, M.A. and Ajar Setiarso, M.A., on Friday said that although the principle of cooperation could produce a positive impact on ASEAN in the trade sector, but because ASEAN, particularly Indonesia, was still not willing to accept the free trade system, the Australian concept would still be diffcult to materialize..

"The countries in Southeast Asia are at present obviously still attaching importance to ASEAN as an economic cooperation forum in the region", Sujadino, senior lecturer in international relations of UNAIR, said.

The Ohio University, U.S.A., graduate further said that Australia's foreign relations pattern under Keating's leadership was obviously more focused on wide-ranging relations with the countries in the Asia Pacific region.

"Taking into consideration that Indonesia is playing a strategic role in the Asia Pacific region, automatically the Australian Government would like to further boost its relations with Indonesia", he said.

In fact the Australian policy on closer relations with the Southeast Asian countries was started during Gough Whitlam's premiership in 1970, he added.

The Australian Government had since that year had the desire to play a foreign policy detached from that of the U.S.A. and Britain.

Various breakthroughs had been conducted by Australia as marked through the opening of diplomatic relations with the people's republic of China and Vietnam, while ASEAN received special attention.

Touching upon Keating who was estimated by international political observers as a reformer and democratic leader, Sujadino said that the reason was Keating's serious desire to see Australia take a fitting place among the Asian community.

Meanwhile Ajar Setiarso who is a lecturer in foreign political affairs at the UNAIR faculty of political and social sciences, said that Keating, different from the policy pattern of his predecessors, had been attempting to create a 'balance of power' in the Asian region.

To promote its APEC concept, Australia was of the view that Indonesia played a strategic role in the problem of economic cooperation as well as in safeguarding stability in the ASEAN region, Ajar Setiarso remarked.

Keating's Visit, Ties With Australia Viewed

BK2604043492 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 25 Apr 92

[From the press review]

[Text] SUARA KARYA notes the statement by the Australian prime minister that his visit to Indonesia has brought about a mutual understanding between the two countries and that Australia has become more conscious that it is located in the Asia-Pacific region. In view of this, Australia not only diverts its political role in the Asia-Pacific region, it is also adjusting its cultural outlook to be in harmony with its neighboring community. According to SUARA KARYA, this awareness will further strengthen Indonesia-Australia ties.

Speaking in the same voice, ANGKATAN BERSENJATA daily calls Premier Keating as the "most sensitive statesman" to world political and economic changes, including changes in the Asia-Pacific region. He is also ready to take advantage of the developments in the Asia-Pacific region that are turning the area into an important economic zone. The daily is confident that with President Suharto's futuristic outlook it is proper that the two countries work toward a deeper relationship, and be determined to broaden cooperation in various fields, including military ties.

Trade, Other Cooperation With Netherlands Wanted

BK2504170892 Jakarta ANTARA in English 0702 GMT 25 Apr 92

[Text] Rotterdam, April 25 (ANTARA)—Trade Minister Arifin Siregar invited Dutch firms to increase both their trade relations and investments as well in Indonesia in future.

The minister made the statement before participants of the Indonesian-Dutch trade meeting attended by 40 Indonesian and 35 Dutch businessmen held in the World Trade Center here Friday.

The one-day session which was officially opened by Rotterdam Mayor Bram Peper was also attended by Indonesian Ambasador to the Netherlands Professor Bintoro Jokroamijoyo, Chairman of the Amsterdam Indonesia House F. Deelmam, Chairman of the Indonesian Chamber of Commerce and Industry in Rotterdam, Professor Moechel and Chairman of the Indonesia-Netherlands Association (INA) Frans Seda.

During the meeting, the minister briefed the participants about the Indonesian business and investment climate which was considered.

He disclosed that the Indonesian gross domestic product annually grew between 7-7.5 percent in the 1989-1991 fiscal year.

He further said that the improvement of the Indonesian business climate was also reflected by the increasing investments both of domestic and foreign companies.

The total foreign investments which got approval increased from 1,097 in 1984 to 8.75 billion U.S. dollars in 1990, while in 1991 it was recorded at 8.778 billion U.S. dollars.

To promote the Indonesian products in foreign markets, Indonesia needs to organize several activities, including business tours, international trade exhibitions and exploring possibilities to establish cooperation with prospective foreign trade partners, he said.

So far, he added, the Indonesian-Dutch trade relations recently were considered more encouraged, reaching about 1.3 billion U.S. dollars in 1991, he revealed.

He said that the Indonesian non-oil commodities exported to several main foreign markets, in which the Netherlands ranked fifth in 1991 after Japan, the United States, Singapore and Germany.

At the end of March, Dutch investments in Indonesia totalled 2.2 billion U.S. dollars involving 93 projects, ranking the Netherlands as the sixth largest investor after Japan, Hong Kong, Taiwan, the United States and South Korea.

"We believe that the Dutch businessmen will expand their investment in Indonesia in a bid to get mutual benefit among the two countries," the minister said.

Regarding the possibilities of Indonesia to establish other cooperation with the Netherlands, the minister said that Indonesia wanted ties to be based on education, culture and tourism, besides trade and investment.

Philippines

Candidates Sign Accord on Clean Elections

HK2704054092 Manila THE CHRONICLE in English 27 Apr 92 pp 1, 6

[By Johanna Son—italicized passage published in Tagalog]

[Text] The seven presidential candidates signed yesterday in a televised ceremony a formal pledge to hold honest polls on May 11, to accept defeat graciously and to work for a "peaceful transfer" of power after the new president is proclaimed.

The manifesto also binds them to conduct a dignified campaign in the two-week homestretch to the elections, including a pledge to reject any attempt to take over the government or disrupt the polls, the counting of ballots and the winners' proclamation.

Eduardo Cojuangco, Salvador Laurel, Ramon Mitra, Fidel Ramos, Jovito Salonga, Miriam Santiago signed the manifesto at the end of a two-hour discussion sponsored by the Commission on Elections [Comelec].

The seventh candidate, Imelda Marcos, stayed away from the discussion but dropped by to sign the document before the show.

Comelec Commissioner Christian Monsod and five commissioners also signed the document, a landmark commitment in a country whose elections have often been violent and marred by fraud.

All of the candidates earlier said they did not see as a major problem the prospect of a minority president being elected on May 11, an issue that has stoked fears that candidates may not accept defeat graciously.

All six said they would accept defeat in a fair fight, and embark on reconciliation with defeated rivals and rebel groups.

The pledges made by the candidates, as "leaders of the Filipino people who might become President," are to:

—Commit to fair, honest and orderly elections and a "peaceful transfer of power."

—Condemn, reject and not cooperate in any attempt to take over the government or to disrupt the polls, prevent the proclamation of winners through force.

—Desist from "violence, terrorism, fraud," including vote-buying and black propaganda.

—Not to exploit politically motivated deaths for publicity purposes.

—Direct followers to remove illegal campaign propaganda.

—Help implement safeguards to protect the integrity of the ballot and assure the accuracy and authenticity of the unofficial Media-Citizens Quick Count and the official counts by canvassing boards.

—Guarantee that members of Congress who are their supporters or partymates will attend the convening of Congress on May 25, in order to canvass the results of the polls and proclaim the winners without delay.

—Accept the results of the elections graciously and cooperate with whoever wins, help unify the country after the polls and ensure the implementation of commitments in the manifesto.

"You make your own mandate," Mitra said in dismissing instability caused by a minority president-elect, while Salonga said the issue was not numbers but "moral ascendancy."

Cojuangco said it could pose problems, but that a minority vote would also test the candidate's leadership.

All pledged to reconcile with defeated contenders, with Salonga promising to convene a "peace council" in the first 100 days.

Yesterday's Comelec discussion had a different format, beginning with footage of candidates with their families and spouses, and their reactions to a segment profiling the poor Filipino through the life of 47-year-old Leyteno, Mang [Mr.] Pandoy.

Mang Pandoy had said that he was willing to be shot dead by a rich man who would give his family P100,000 [Philippine pesos] in exchange for a lot they could call their own.

Mitra pledged to launch a program of "jobs, jobs and jobs" even in the countryside, so that people like Mang Pandoy did not have to migrate to Metro Manila.

Santiago attributed poverty to Philippine politics' "corruption," Salonga to the unequal distribution of wealth and absence of genuine land reform, Cojuangco to the lack of an "institutionalized political party" and Laurel to a "failure of leadership" by the Marcos and Aquino governments.

Barbs flew at one point, although the discussion was not intended to be a debate, when Laurel said that Ramos and Mitra virtually blamed Mang Pandoy for his poverty.

Laurel added that Ramos' "big words" about "people empowerment" did not mean anything to the poor. Ramos retorted that since Laurel could not understand people empowerment, "I don't think he's fit to be president."

"How can he be a good leader when he can't even be a good follower?" Ramos asked, recalling that Laurel left President Aquino early in her government.

Despite host Randy David's effort to stop the exchange, Laurel said of Ramos: "*He was Marcos' No. 1 yes-man; and yet he stabbed him in the back during the Epifanio de Los Santos Avenue Revolution. He's the supreme turncoat.*"

The candidates were also asked what in their nearly three-month campaign around the Philippines struck them most. [end of report as published]

Sin Issues Further 'Guidelines' for Elections

HK2704043892 Manila PHILIPPINES NEWSDAY in English 25 Apr 92 pp 1, 2

[By Jose H. Macaspac III]

[Text] Jaime Cardinal Sin, the powerful head of the Manila archdiocese, yesterday issued another set of "guidelines" aimed at providing Catholic voters "with clear and convincing criteria" in choosing the nation's leaders in the coming elections. A Church statement [as published] said this now "narrows down to one the Catholic Church's presidential preference."

A press release of the Laban ng Demokratikong Pilipino [Struggle of Filipino Democrats] (LDP) immediately reported the Catholic lay leaders as saying the Sin guidelines indicated his preference for the Ramon V. Mitra-Marcelo Fernan tandem.

The press release added that the powerful Council of the Laity of the Philippines [CLP] had declared its support for the LDP presidential ticket. The CLP has five million members nationwide in 2,200 parishes all over the country.

Reacting for Malacanang, Press Secretary Horacio Paredes said Cardinal Sin was a "mite misguided," and repeated President Aquino's claim that her anointed presidential candidate Fidel V. Ramos had "redeemed himself seven times."

Mrs Aquino had earlier stated that Cardinal Sin's Easter pastoral letter that urged people not to vote for "oppressors and plunderers" of the Marcos regime did not include Ramos because "Ramos had redeemed himself."

Reacting to the homily, CLP President Antonio de los Reyes particularly commended the pro-life stand of Mitra and Fernan and their commitment to create jobs and improve the economy.

Interviewed after the mass, Reyes said the Mitra-Fernan team had a program that would implement the Catholic position.

Reyes said the Mitra-Fernan platform hewed closely to the position held by the overwhelming majority of Catholics in the country who comprise 87 percent of the 62-million population.

Reyes said for 18 years under former President Marcos and the six years of the Aquino administration, government resources for artificial birth control increased five times in spite of two papal edicts and the pastoral letters issued by the Church in the Philippines.

The "eight-point guidelines" announced by Sin in a sermon during a Mass for the Tanglaw ng Bayan [Light of the Nation] Movement at the Christ the King seminary practically shot down the Aquino administration's hopes of getting the Church's endorsement for its Protestant candidate, Ramos, who had been weakened by the religious issue against him.

Sin refused to directly name the presidential and vice presidential candidates he wanted his flock to support, saying he was not recommending anybody for the presidency since it would be an insult to the voters if he made such an endorsement.

But he made it clear in his homily that the Church was not supporting those who had been directly involved in the implementation of martial law of former President Marcos.

In his sixth criteria, Sin said "(the Catholic voters) must elect a president and vice president who have valiantly and openly stood in defense of the rule of law... and opposed the previous dictatorship and the institutions it created, including martial law."

Ramos, who was Constabulary chief during martial law, had been heavily criticized by his opponents for his participation in the Marcos regime.

In addition, Sin said the voters must elect a president and vice president who have:

1) the capability, proven in their personal and public careers, to respond to the country's pressing needs and to unify the nation;
2) clean hands, with no graft indictments and are free from charges of dishonest gain in either private and public enterprise;
3) a team of competent and committed professionals who will assist them;
4) compassion for the poor, who will stand for them and champion their cause, not exploit their needs;
5) intellectual honesty, emotional maturity and spiritual enlightenment and will keep and deliver on their promises or commitments;
6) the commitment to God's blessing of life and will put an end to the active promotion of mechanical and artificial devices of birth control; and
7) respect, within the context of the separation of Church and State, the Church's policy of "critical collaboration as an exercise of our spiritual roles."

Asked if his guidelines favored Mitra and Fernan, Sin said: "Be quiet."

It was, however, an affair prepared in coordination with Mitra's office. Only Mitra's press officers were present during the Mass and the "ambush" interview of Sin by the media.

Mitra, however, would not fit some of Sin's criteria considering charges that he acquired vast landholdings and ranches while in office, observers said.

In a statement, Sin said the next president should be a "compassionate unifier of the people, a healer of the nation's wounds, and an emotionally mature leader who stands up for the poor."

The statement said Sin issued the criteria "to amplify the message in the pastoral letter read in churches Easter Sunday," citing the need to express clearer and more concrete standards of discernment to guide each other [as published] into making enlightened voting decisions."

Senator Jovito Salonga immediately reacted to the Sin sermon.

Salonga said he was sure that Sin did not mean to exclude him as among the candidates. Sin was asking the electorate to vote for him since he (Salonga) fitted all of the guidelines set by the prelate.

Salonga said he might belong to another Christian denomination but he noted that Sin had excluded him from past criticisms against presidential candidates who belonged to the ruling coalition.

Salonga said Sin lashed at Mitra for the speaker's "under the table" deals.

Salonga added: "Cardinal Sin never said anything against me and I believe the members of the Church knows what he meant."

Criticized for Politicking

HK2704053092 Manila PHILIPPINES NEWSDAY in English 27 Apr 92 p 10

[Editorial: "Cardinal Sin—Accuser and Judge"]

[Text] Cardinal Sin's pastoral letter on Easter Sunday and his homily last Thursday at Christ the King Church have exposed the Catholic Church anew to criticism. This comes in the midst of ongoing attacks from religious fundamentalists who have been harping on the Church's straying from Jesus Christ's teachings.

The pastoral letter and the homily indeed seem to prove the point of the Church's critics. Two points are clearly communicated in both—Cardinal Sin is accusing some people of the past regime of plundering and looting and he is rendering his judgment that they are unworthy to be voted into public office. These points utterly contradict Christ's teachings summarized as charity: Love one another as I how [as published] loved you.

In many parables and instances of Christ's public ministry, this commandment was demonstrated again and again. But two specific circumstances seem to parallel Cardinal Sin's stance. One is the story of the woman "taken to adultery" whom Christ found being stoned in the street. Christians familiar with it would recall how

He stopped her accusers, admonishing them, "He who is without sin, cast the first stone."

The other story deals with the Gentile woman from whom Jesus asked for a drink. Again an adulteress, who tried to hide it, the woman was offered a drink of "the living water" by Christ.

What did Christ try to reach? Forgiveness and charity, the balms for spiritual illnesses of which He is the dispenser and which He passed on to his Church. There are laws of the state for which people can be tried for crimes allegedly committed by them. The Church then, if Jesus were heeded, must not take on the role of accuser and judge. By alluding to sinners and acting as both accuser and judge at the same time, in his pastoral letter and homily, Cardinal Sin bore little resemblance to a Vicar of Christ, which he should be.

Ramos Responds to Recent Sin Accusations

Defends Martial Law Role

HK2604072992 Hong Kong AFP in English 0618 GMT 26 April 92

[Text] Manila, April 26 (AFP)—Presidential candidate Fidel Ramos on Sunday [26 April] defended his role as martial law enforcer for late dictator Ferdinand Marcos, and hit back at Philippine church leader Jaime Cardinal Sin for campaigning against him.

"There is no reason for me to be remorseful," said Ramos, who was chief enforcer of martial law under Marcos from 1972-1981 before turning against him in a 1986 popular revolt.

Cardinal Sin, the spiritual leader of this largely Roman Catholic nation, on Friday urged his flock to reject candidates who had supported martial law and who promote artificial birth control methods. He also urged those who backed Marcos to repent by "forsaking the ambition to govern the country they so deeply wronged."

Ramos, a Protestant former military chief and defense secretary who has been endorsed by President Corazon Aquino, said during a news conference that he continued to work under Marcos during martial law "to lighten the harshness of the dictatorship."

He said that were it not for his joining a military mutiny against Marcos in 1986, "the dictatorship would have continued to this day."

Ramos conceded that Cardinal Sin's declaration "causes me some worry" but said it would not stop him from pursuing his candidacy. Asked if he feared losing the so-called Catholic vote, he said voters were "a little more mature and a little more sophisticated" than to vote on purely sectarian lines.

He also cited Sin's description of the relations between the church and the state as being like "two tracks on a railroad" that are joined but never meet. "It appears that at this point, he may have reached a crossing," he added.

Ramos announced that unidentified gunmen on Saturday murdered a congressional candidate and Ramos ally in the northern Philippines. Leonardo Matba, standing for election in Cagayan Province, was shot dead after the gunmen seized him and several supporters while they campaigned in the village of Western Amuyong, Ramos said. Ramos said he did not know who was responsible for the attack, which he said has left him with five supporters slain in the runup to the May 11 election.

Has 'Nothing to Regret'

HK2704031692 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 26 Apr 92

[Text] Fidel Ramos, Epifanio de los Santos Avenue's Strength-National Union of Christian Democrats presidential candidate, says he will not quit the presidential race. He said he has nothing to regret over his former role as constabulary chief during the martial law period under former President Marcos.

This was Ramos' response to the controversial statement by Manila's Jaime Cardinal Sin which said that former oppressors should renounce all plans to lead the nation. Last Friday, at a mass at Christ the King Church in Quezon City, Sin told the people not to support those candidates who kept silent during the Marcos dictatorship. The cardinal is believed to have been referring to Ramos.

Meanwhile, President Aquino defended the former defense secretary, saying he was the first to oppose the antidemocratic forces.

Aquino Accused of Using Relief Funds for Ramos

HK2704031892 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 26 Apr 92

[Text] The New Society Movement claims that President Aquino has been using government funds to back former Defense Secretary Fidel Ramos' candidacy. According to the party's vice presidential candidate Vicente Magsaysay, Mrs. Aquino has given land and 1.5 million pesos from the social welfare fund to more than 600 Aeta [tribal group] families who were displaced by the Pinatubo eruption. Magsaysay said that despite a clear injunction by the Supreme Court, the president continues to release public funds. He asked the Commission on Elections [Comelec] to take steps on the matter and to impose the proper sanctions. The former Zambales governor pointed out that a Comelec provision stipulates that the Philippine National Red Cross is to release all calamity funds; however, President Aquino's daughter, Kris, is releasing the funds.

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Communist Group Warns Politicians About Cheating

HK2704080092 Manila PHILIPPINES NEWSDAY in English 25 Apr 92 pp 1, 2

[By Dario B. Agnote]

[Text] The National Democratic Front [NDF] yesterday warned unscrupulous traditional politicians, military and militiamen, warlords and heads of private armies to "desist from all manner of fraud and violence before, during and after" the May 11 polls, and warned it would use "all means at its disposal to protect the (interests of the) people."

At the same time, the NDF urged the Filipino people "to rely more on their organized strength and direct political actions to achieve their nationalist and democratic aspirations."

"The NDF cannot allow the people's interests to be trampled upon," read a two-page statement distributed by the NDF media bureau to newspaper organizations yesterday.

The NDF, the political arm of the banned Communist Party of the Philippines (CPP) whose armed wing is the New People's Army (NPA), commemorated its 19th founding anniversary yesterday, April 24, which it said was a "special occasion of rejoicing."

"The people have had enough of this electoral farce. The time has come for the people to rid this country of the United States-Aquino regime and all other reactionaries," declared the NDF statement.

The statement said the NDF, even if it could not participate in the forthcoming general elections, would respect the people's right of suffrage, but it urged the electorate to "choose candidates who would genuinely advance the masses' interests."

The clandestine communist front organization, however, cautioned the people that no substantial change could be expected from the May 11 electoral exercise.

"It is U.S. imperialism and its local puppets that will emerge as the sure winners. The fraud and violence that are integral to this bourgeois electoral process can only lead to the further subversion of the people's will and the entrenchment of reactionary rule. The post-election scenario promises added hardships and misery to the Filipino people."

This early [as published], the NDF pointed out that the sectors of society needed to be examined more closely. "Should the present elections fail to arrest the present crisis of the ruling classes and halt the revolution's advance, the U.S. and local reactionary factions have already laid contingency plans to change their rules to an open fascist form," it said.

The NDF cited reports about plans of administration presidential candidate Fidel V. Ramos and "other militarists" to mount a coup "or some other extra legal action" should the outcome of the elction be unfavorable to them. It also cited reports that renegade officers were again actively recruiting new members in preparation for a coup or similar actions should the elections be marred by fraud and violence.

The coming May 11 polls, it said, were "nothing but a design to determine which faction of the ruling class will dominate the reactionary system."

"The NDF could never participate in an electoral process where U.S. support and the combination of guns, goons and gold are decisive factors to ensure victory," said the statement. "Unless the monopoly of the big landlords, bourgeoisie and U.S. and foreign multinationals over the country's economy and politics is broken, no election can be genuinely expressive of the people's democratic will."

Need To Debate National Budget Stressed

HK2304032092 Manila THE CHRONICLE in English 23 Apr 92 p 4

[Editorial: "1993 Budget an Open Political Question"]

[Text] The Development Budget Coordination Committee has gone through the exercise of designing next year's budget.

According to the Committee, headed by Jesus Estanislao, the country can only afford a P322.7 billion [Philippine pesos] budget next year. That quoted ceiling is only 7% bigger than this year. With inflation factored in, the projected budget will be smaller than this year's. Funds available for investments in infrastructure will be much less, crippling government's ability to sustain high growth.

Estanislao, however, admits that government needs a budget of at least P345.6 billion. At this higher level, government will have to incur deficits amounting to P37.6 billion or well above the IMF-prescribed deficit limit of 2.6% of GNP. The spendthrift finance secretary has recommended that government maintain a deficit limit of P14.6 billion. He warns that the long-term costs to the economy of high deficit spending next year would be greater than all the jobs and the additional infrastructure that could be created by crossing the deficit barrier enforced on us by the IMF. That assertion is, of course, debatable.

The allocation details of the proposed 1993 budget will still have to be worked out and made public. But the tight ceiling projected by the Estanislao committee immediately indicates that there will not be enough money to allow government to play a pump priming role in economic growth. The committee in fact admits that the restrictive budget "implies a contraction in real terms of productive expenditures from P186.9 billion in 1992 to P177.1 billion in 1993 or 11.4% in real terms."

The projected budget is expected to dry up counterpart funding for foreign-assisted projects already underway. There will be no money to increase the salaries of public sector employees, standardize police pay, build new schools and hospitals and support activities of the Bases Conversion Development Authority.

The Estanislao budget is consistent with the conservative disposition of the Aquino administration's economic policies. This administration has abided loyally by the restrictions outlined for us by the IMF. It has scrupulously paid back our foreign debts. With restricted funds, this administration has chosen the easier way out: it has cut back on social services, postponed vital infrastructure projects and rejected pay increases for government personnel rather than prune down defense expenditure, bargain more aggressively on the foreign debt and dissolve unnecesssary agencies.

Should the Estanislao budget for 1993 be adopted by the next administration, economic growth will continue to be sluggish, vital infrastructure will remain on the drawing boards, unemployment will continue to be high and government workers will be even more demoralized than they are now. All these in the name of "fiscal restraint" and "stability." The next government will have to deal with rising discontent by means other than immediate economic alleviation. This can only spell greater repression.

The spectre of this government enforcing its conservative economic inclinations on the next one becomes a possibility only if the same cabal that now makes policy shall continue to be able to do so in the next term—and only if the incoming Congress will be either so pliant or so mystified by the conservative economists that they could not block a budget that strangulates the economy rather than stimulates growth.

Fortunately, next year's budget remains an open political question. Treated with the importance it deserves, the Estanislao budget ought to be a central point of debate in this lackadaisical electoral campaign. Explained in terms of its dire social implications, the proposed budget should suffice to inflame public passions.

The general consensus on the fundamental points among the leading candidates notwithstanding, the possibility for a new administration that is more hospitable to growth remains.

The new administration may use its fresh mandate to renegotiate with the IMF for a more generous medium-term plan. This new administration may also adopt a more aggressive debt strategy to free up funds from debt servicing and rechannel them to infrastructure. With a more imaginative revenue-generation scheme and a more adventurous attitude towards the deficit, it should be possible to simultaneously raise the budget ceiling and expand productive investments.

A pro-growth government, however, is not something that falls from the blue. It can only be the consequence of an explicit mandate given by a conscious electorate. That mandate can only emerge from a more enlightened debate in the last weeks of this campaign. The vote will have to go to the one who can liberate us from the fiscal terror that now hangs over our heads.

Thailand

Official: U.S. Trade Retaliation Can Be Avoided

BK2504025892 Bangkok BANGKOK POST in English 25 Apr 92 p 17

[Text] There is still room for the Thai Government to manoeuvre to prevent Thailand from being retaliated against by the U.S. under Section 301 provisions of the U.S. Trade Act, according to a senior Thai official.

Although there will not be any further investigation of patent protection in Thailand by the U.S. Trade Representative (USTR), further negotiations will take place, the outcome of which will determine whether Thailand will face retaliation, deputy Permanent Secretary for Commerce Kroekkrai Chiraphet said yesterday.

Thai authorities expect the U.S. will not remove Thailand from the priority foreign country designation list under Section 301 provisions of the 1974 Trade Act.

Contacted by Business Post to comment on the expected U.S. move, Mr Kroekkrai, who is in charge of trade negotiations, said he has not yet been officially informed of the USTR's decision.

"But we have expected that in advance, because they are not yet satisfied with some aspects of the patent law amendments and enforcement," he said.

"They are not happy with the patent law's retrospective enforcement over products in the pipeline, compulsory licensing or the establishment of the drug monitoring board to oversee drug price increases."

The U.S. was also unhappy with lack of action in Thailand against cassette tape and video tape pirates.

Mr Kroekkrai said it was now up to the Suchinda Government to deal with the issue.

"But I think there is room for the Government to manoeuvre in the upcoming negotiations with the USTR in order to prevent the country from being retaliated against."

Army Chief on Burmese Leader's Resignation

BK2504023292 Bangkok BANGKOK POST in English 25 Apr 92 pp 1,3

[Text] Army Commander-in-Chief Gen Itsaraphong Nunphakdi said yesterday that the resignation of Burmese junta leader Gen Saw Maung would not affect military relations between Thailand and Burma.

Gen Saw Maung, the former leader of the State Law and Order Restoration Council (SLORC), the ruling junta, has been replaced by army commander Gen Than Shwe.

Gen Than Shwe was also named new prime minister yesterday, according to Rangoon Radio.

Gen Itsaraphong said the change was Burma's internal affair and that the exchange of visits by the military leaders of the two countries would remain unaffected.

"We will visit Burma if there are invitations," the army chief said.

Meanwhile, Foreign Minister Pongphon Adireksan said it is too early to comment on the situation, which he described as an internal affair of Burma.

However, Thailand must closely monitor the situation, he stressed.

Mr Pongphon, who yesterday hosted a reception for the diplomatic corps at the Foreign Ministry, said he explained to the diplomats why Thailand had to adopt what is seen as a lenient attitude towards the repressive regime of Rangoon.

"As a close neighbour of Burma, we are faced with another set of circumstances," he said, adding that Bangkok-based diplomats have a full understanding of the Thai situation.

However, Burmese pro-democracy groups interviewed by the BANGKOK POST yesterday said that the leadership change in Burma, which they had expected for a long time, will not have much impact on them.

"It is just the change of one dictator to another, and oppression of the people will continue as always," said Foreign Minister Peter Limbin of the parallel government, the National Coalition Government of the Union of Burma [NCGUB].

The NCGUB had long expected to hear the news about Gen Saw Maung stepping down as SLORC's chairman, he said.

"The Burmese military dictatorship will continue in Burma and we will continue our fight to topple this dictatorship," he said.

Mr Limbin, who just returned to his headquarters after extensive tours of European countries, said the NCGUB also heard about an internal power struggle within the Rangoon junta, which has ruled the country with an iron fist since 1988.

He predicted that SLORC is heading towards disintegration.

However, Chairman of the Kachin Independence Organisation M. Brang Seng expressed cautious optimism that the new leadership may start doing good things for Burma.

"This is the right time for Gen Saw Maung, who killed thousands of innocent people, to retire," Brang Seng said.

"From today on, the new leaders of SLORC will find a proper way to bring peace to all ethnic populations," he said.

The Kachin leader also hoped that this may be the time when "the younger generation of Burma will be able to enjoy freedom, democracy, and peace. They will have human dignity as Burmese among the international community," he said.

He said he believed that Saw Maung's leadership had destroyed Burma and that other leaders of SLORC had learned the lesson that peace in Burma would require understanding and sincere cooperation with the ethnic population at this crucial time.

The New Mon State Party's [NMSP] spokesman Nai Kasauh Mon told the BANGKOK POST that Gen Than Shwe played a key role in the operations that spurred the exodus of thousands of Burmese Muslims from Arakan state to Bangladesh.

"This man will carry on with the suppression of people inside Burma, especially the ethnic groups," said the spokesman who is the close aide of NMSP President, Nai Shwe Kyin.

A Karen National Union [KNU] officer said the Karens hold strong to the idea of fighting the SLORC.

KNU leader Gen Bo Mya was yesterday presiding over a conference of the Democratic Alliance of Burma (DAB) which is an umbrella organisation of various anti-Rangoon forces.

The Karens believed that although Gen Than Shwe is the SLORC chairman and also the Burmese prime minister or head of Burma's ruling junta, the real power rests with Maj-Gen Khin Nyunt, a protege of strongman Gen Ne Win.

A foreign affairs officer of the All Burma Students Democratic Front (ABSDF) Aung Myint said Gen Than Shwe, who served as Saw Maung's deputy for years, will certainly follow the path of his predecessor

In this context, SLORC will try to hold on to power as long as it can.

Changes, should there be any, will come from junta members inside SLORC.

"It is reported that there is a rift in the junta and we expected to see more developments in the future," he said.

Commerce Ministry Plans New Foray Into Indochina

BK2404031192 Bangkok THE NATION in English 24 Apr 92 p B1

[Text] The Commerce Ministry is planning a new move to penetrate the Indochinese markets after Thailand's trade with the region reportedly slowed down during the formation of the new government.

M R Pridiyathon Thewakun, deputy commerce minister, said he has ordered the Business Economics Department to compile information about each of the three Indochinese countries—Laos, Cambodia, and Vietnam—for use as a guideline in planning Thai trade strategies for the region.

The data to be collected includes lists of goods to be promoted, value of the products, trade problems and potential markets, according to Pridiyathon.

The project, he said, also covers countries other than the three Indochinese nations, so that Thailand can have all necessary information at hand to adjust its trade policies to change in the world market.

The Commerce Ministry can also use the data to penetrate new markets under its export promotion plan, according to Pridiyathon.

He said the compilation of the new lists of Thai trade partners will be completed by the end of this month.

As for Indochina in particular, Pridiyathon said the ministry will continue to promote Thai exports to the region through trade missions which will strengthen trade relations and familiarize themselves with their trade partners there.

He added that the Commerce Ministry is closely monitoring the economic recession in Thailand's major trade partners, including Japan and Germany, to prepare solutions to possible impact on Thai exports.

Swiss Planes Delivered; More Purchases Planned

BK2504111992 Bangkok NAEO NA in Thai 21 Apr 92 p 3

[Text] Speaking to newsmen after presiding over the ceremony to accept delivery of the 20 Swiss-made PC9 training aircraft, Air Chief Marshal [ACM] Kaset Rotchananin, the supreme commander and Air Force commander, said the Air Force actually wants to buy 30 such aircraft but due to budget limitations was able to buy only 20 at 90 million baht each. He said the per-hour training expense will be cut nearly in half compared to the training aircraft currently in use.

Kaset said the Air Force has a plan to buy the light attack L39 aircraft from Czechoslovakia. Deputy Air Force Commander ACM Suthep Theprak is the chairman of the procurement committee. The Air Force wants to buy 50 L39s but budget limitations led the government to approve the purchase of only 30. In any event, to meet the Air Force modernization plan, the Air Force has already signed a contract for an additional 12 L39s in order to replace its A-37s, B-33s, and OV-10. Payment will not be drawn from the government's budget.

The Air Force spent 2,219,368,140 baht to buy the 20 PC9s. The purchasing committee was formed on 24 September 1990. The Defense Ministry approved the committee's proposal to buy the 20 PC9s from Pilatus Aircraft of Switzerland. The delivery was completed on 15 March this year and the planes have been assigned to the Kamphaeng Saen Flying School in Nakhon Pathom Province.

Sihanouk Congratulates Suchinda on Premiership

BK2304143692 Bangkok Army Television Channel 5 in Thai 1230 GMT 23 Apr 92

[Text] The Foreign Ministry reported that Prince Norodom Sihanouk, in his capacity as state leader and chairman of the Cambodian Supreme National Council, has sent a congratulatory message to Prime Minister General Suchinda Khraprayun on his appointment by the royal command to assume an important position in government and wished him success in performing his duty as the leader of the government of the Kingdom of Thailand. Prince Norodom Sihnouk also praised Gen. Suchinda for his patriotism and regards him as a great friend of Cambodia and the Cambodian people.

Prime Minister's Office Ministers Given Duties

BK2304022592 Bangkok BANGKOK POST in English 23 Apr 92 p 3

[Text] Prime Minister Suchinda Khraprayun yesterday assigned responsibilities to eight Prime Minister's Office ministers.

He also called on all ministers to meet their pledge given to His Majesty the King that they would carry out their duties conscientiously, and to have confidence in him as leader of the Government.

—Samakkhi Tham member Mai Sirinawakun will take charge of the National Youth Bureau and National Statistics Office.

Samakkhi Tham member Chatchawan Chomphudaeng will take charge of the Electricity Generating Authority.

Mr Chatchawan said he would seek to minimise any impact on the environment caused by energy development projects such as the construction of dams.

Chat Thai member Kon Thapparangsi will take charge of the National Energy Policy Board and Technical Economic Cooperation Department.

Chat Thai member Suchon Champhun will take charge of the National Education Board and Mass Communications Organisation.

Chat Thai member Watthana Atsawahem will take charge of the Sports Authority and Zoological Organisation.

Social Action member Piyanat Watcharaphon will take charge of the Office of the Permanent Secretary to the Prime Minister's Office and Public Relations Department.

Ratsadon member Chaiphak Siriwat will take charge of the Tourism Authority.

Non-elected minister Thinnaphan will take charge of the Secretariat of the Prime Minister's Office, Budget Bureau and National Economic and Social Development Board.

The Prime Minister has assigned his secretary-general to draft a policy statement for the Government, possibly for delivery in Parliament next week.

Army Commander-in-Chief Gen Itsaraphong Nunphakdi yesterday asked the Opposition and public to give the Government a chance to do its job, saying there should only be constructive criticism.

Mr Piyanat said Gen Suchinda had insisted that his Cabinet was honest because the Opposition was expected to keep the Government in check.

He called on the Opposition to give the Government a chance to perform.

Deputy Prime Minister Samak Sunthorawet said the policy statement may be sent to Parliament next Wednesday and would include each coalition member's individual policy.

Deputy Prime Minister and Education Minister Sombun Rahong said he would forward the Chat Thai Party's policy to Gen Suchinda today, and Deputy Prime Minister Montri Phongphanit said the Social Action Party would do likewise.

Mr Montri said Social Action would push for action on farm debt, the building of hospitals in remote areas and a ministerial regulation making tambon [subdistrict] councils a juristic body with their own income and administration.

Deputy Premiers Named To Government Committees

BK2304020592 Bangkok BANGKOK POST in English 23 Apr 92 p 3

[Text] Prime Minister Suchinda Khraprayun yesterday appointed his five deputies to chair various government committees.

—Deputy Prime Minister Michai Ruchuphan is chairman of the Juridical Commission, the Civil Servants Commission and the Office of the Narcotics Control Board.

—Deputy Prime Minister and Samakkhi Tham leader Narong Wongwan is chairman of the International Economic Relations Policy Committee, the Export Promotion Board and the Farmers Aid Policy and Measures Committee.

—Deputy Prime Minister and Chat Thai leader Sombun Rahong is chairman of the National Education Board, the State Land Encroachment Committee, the Agricultural and Industrial Exhibition Committee and the National Women Promotion Committee.

—Deputy Prime Minister and Social Action leader Montri Phongphanit is chairman of the National Environment Board, the Atomic Energy for Peace Committee and the National Technology Services Promotion Board.

—Deputy Prime Minister and Prachakon Thai leader Samak Sunthorawet is chairman of the Land Traffic System Committee, the National Disaster Prevention Boad and the Consumer Protection Committee.

The Prime Minister, meanwhile, also appointed his Council of Economic Ministers to take charge of the Government's economic affairs.

The council is headed by Gen Suchinda himself with the Cabinet secretary-general serving as secretary.

The deputy prime ministers, finance, agriculture, communications, industry, commerce and science ministers were all appointed members of the council.

New Cabinet Set To Reverse Deregulation Policies

BK2404032792 Bangkok BANGKOK POST in English 24 Apr 92 p 17

[Text] Three more economic ministers yesterday announced key policies which could overturn measures introduced by previous governments and appeared to be in conflict with the approach of the Prime Minister's economic advisers.

Within two days of taking office, three of the five Suchinda Government economic ministers announced the policies of the previous government would be "reviewed."

Only the Finance Ministry, to which Suthi Singsane was reappointed minister, will maintain the previous government's policies, while Transport and Communications Minister Banhan Sinlpa-acha has not yet announced plans to review his predecessors's policies.

But Mr Banhan has announced a plan to invest more than 120,000 million baht in building roads in the metropolitan and suburban areas as well as in major cities.

If the policies are reviewed and changed, regulations removed by the Anan government will be reintroduced. That appears to be in conflict with the approach of Prime Minister Suchinda Khraprayun's economic advisory board, which is chaired by one of the key architects of the Anan government's deregulation policies, former deputy Finance Minister Wirabong Ramangkun.

Commerce Minister Anuwat Wattanaphongsiri yesterday announced that all of his predecessor's policies will be reviewed.

The first policy to be reviewed is likely to be the unrestricted pig and pork import policy introduced by the Anan government shortly before the general election.

The Anan government also lifted controls on retail pork prices, but Dr Anuwat said he was considering reintroducing price controls to stabilise retail prices at 60 baht a kilo.

If controlled prices—which he called standard prices—were introduced, unrestricted imports of pigs and pork would be banned. Dr Anuwat said the free import policy would undermine attempts to develop the local livestock industry.

Agriculture Minister Phinit Chantharasurin said the programme under which land was allocated to poor farmers would be reviewed, particularly the process by which residents were removed from areas to be allocated.

But whether the programme would be dissolved depended on the Cabinet, he said.

Mr Phinit denied reports that he would lift the ban on logging. "In fact, this government will continue to implement the ban," he said.

Earlier, Industry Minister Somphong Amonwiwat said the industry liberalisation policy would be reviewed industry by industry. Regulations would be reintroduced for industries which had been affected by liberalisation.

The policy deregulating establishment of car assembly plants, in particular, would be reviewed. Mr Somphong believed supply was currently higher than demand, so the policy would hurt existing plants.

Under Mr Banhan's road construction plan, the number of traffic lanes on suburban roads would be increased to four while city roads would have 10 lanes.

Commenting on the controversial one-million-line telephone project, Mr Banhan said he would urge the Telephone Organisation of Thailand to speed up its selection of the winning bidder.

Ex-Chief: Charter Allows Suchinda To Be Premier

BK2404013592 Bangkok BANGKOK POST in English 24 Apr 92 p 3

[Text] Former National Peace-keeping Council [NPKC] chairman Gen Sunthon Khongsomphong yesterday backed the legitimacy of Gen Suchinda Khrapravun's appointment as prime minister under the Constitution.

Gen Sunthon said the Constitution allowed for the appointment of Gen Suchinda even though he had not contested the general election.

The Opposition parties have been highly critical of Gen Suchinda's appointment on the grounds that he had not won the people's mandate.

Gen Sunthon dismissed criticisms that Gen Suchinda's appointment as the country's 19th premier was an NPKC ploy to retain power.

However, he refused to criticise the Opposition for seeking constitutional amendments requiring an elected premier, a reduction in the number of senators from 75 percent (270) of the total number of Lower House members to 33.3 percent (120), and to have the House Speaker act as Parliamentary President.

Gen Sunthon also refused to comment on predictions by elder statesman M.R. Khukrit Pramot that there would be another coup within five months.

"I no longer have the power to stage another coup," he said.

The fact Gen Suchinda and some other Cabinet ministers are former NPKC members meant he did not have to worry about the Government's stability, he said.

Suchinda 'Confident' of Ability To Run Country

BK2504025492 Bangkok BANGKOK POST in English 25 Apr 92 p 1

[Text] Prime Minister Suchinda Khraprayun is confident he can administer the country with good results, despite a strong campaign by opposition parties and democracy groups against his administration.

In Surin Province at the end of a two day tour of drought-stricken areas, Gen Suchinda told reporters he has no worries about his coalition's stability.

He asked, however, that opposition parties keep their activities against the Government within Parliament.

The Government is ready to answer any motion in Parliament even though it has not actually started working yet.

"I think I am a strong prime minister who can maintain peace and order in the country. I reaffirm here that I am confident of being able to administer the country well."

He said the stock market has already begun to recover, which indicates investors' confidence in the political climate, and this will lead to an improvement in the economic situation.

Politicians who are manoeuvring in various ways will have to show their sincerity in wanting to help solve the country's problems, he said.

"Both the Government and the Opposition share the common goal to help develop the country so they (Opposition politicians) should think whether or not what they are engaging in is wrong.

"I am trying to help bring development to rural areas.

"But if attempts are still made to create confusion in the country, any person who devotes himself to such a cause will be discouraged," said Gen Suchinda, who added he still believes he can solve the problem.

He emphasised the Government will not resort to forceful measures to deal with people who oppose his administrastion.

"I do not support the use of violence," he said.

Turning to the situation of hunger striker Chalat Worachat, who is staging a sit-in in front of Parliament to protest against Gen Suchinda's appointment, the Premier said the Cabinet disagrees with a suggestion in some quarters that he personally visit the man to persuade him to give up fasting.

Premier Suchinda said the Cabinet believes such a visit will be of no use because Mr Chalat is determined to continue the hunger strike.

Mr Chalat has been without solid food for 17 days.

Premier Suchinda said Minister Phiyanat Watcharapon of the Prime Minister's Office has offered to visit Mr Chalat to try to persuade him to call off the hunger strike, reasoning that he knows the man personally.

The Premier said, however, he may decide to visit Mr Chalat if or when he thinks that such a visit will help save the politician's life.

"I am glad to help save the life of everyone, not just Mr Chalat," he said.

Asked to state what will happen if Mr Chalat dies, Gen Suchinda said:

"We can only feel regret. But I don't think this will turn into a big problem. This is a personnel matter. I don't think many people agree with him."

Mr Phiyanat claimed Mr Chalat has been influenced by others who are using him as a political tool.

"I am concerned at this. Because from now on, anybody who is dissatisfied with the Prime Minister will go on a hunger strike.

"If we are to accept this, we'd better amend the Constitution to make it compulsory for the prime minister to resign whenever somebody stages a hunger protest against him," Mr Phiyanat said.

Army Chief: No Coup Against Suchinda Expected

BK2504030892 Bangkok THE NATION in English 25 Apr 92 p A2

[Excerpt] Army Commander in Chief Gen Itsaraphong Nunphakdi said yesterday there would be no coup against Prime Minister Gen Suchinda Khraprayun because the new administration would be stable.

Itsaraphong, who is Suchinda's brother-in-law and his key military supporter, also rejected a call by a well-known academic for Supreme Commander ACM [Air Chief Marshal] Kaset Rotchananin to clarify his earlier statement that a coup d'etat would be seen as the military's last option if the country was on the verge of turmoil.

"There is nothing to explain as that (stability) is understood," said Itsaraphong.

Itsaraphong cautioned those demonstrating against the unelected prime minister not to create any disorder at this time.

A Thammasat University anthropologist, Thirayut Bunmi, submitted a letter to ACM Kaset on Thursday urging him to specify the degree of violence and under what circumstances he would judge that the country was in turmoil and a coup necessary.

Thirayut, a former student leader during the 1973 student uprising, also asked Kaset to say who would be the decision-maker of the coup.

Kaset said earlier that he could not give his word that there would not be a coup while Suchinda is premier.

Former prime minister M.R. Kukhrit Pramot predicted that the Suchinda administration would be toppled by a coup within 10 months.

Meanwhile, Armed Forces chief of Staff ACM Phisit Salikhrup said he did not think a coup would occur in the future as the country is now enjoying peace and order.

Asked to comment on Kaset's refusal to give his word that there would not be a coup, Phisit said it is the duty of the Armed Forces to restore peace and order if there is turmoil in the country.

He also said the military cannot stage a coup if they received no support from the people. "How can the military resist the wish of the masses," he added.

He said the people had never protested a coup in the past. "They gave us bouquets to show their moral support to the military in staging coups," he added. [passage omitted]

Papers on Opposition Activities Against Premier

BK2604101392

[Editorial Report] The Thai papers THAI RAT and NAEO NA on 26 April carry comments on the current political situation—the public demonstration organized by the opposition parties against the Suchinda government and the remarks by certain political figures about a possible abrupt end to the government.

The page-three THAI RAT article by the "THAI RAT political team," entitled "Stop Making Coup Threats," refers to remarks by Supreme Commander Air Chief Marshal Kaset Rotchananin; Buncha Atthakon, adviser to the National Peace-Keeping Council [NPKC]; and M.R. Khukrit Pramot about possibilities of a coup or dissolution of parliament, saying: "The THAI RAT political team asks the people concerned to let the country run its course undisturbed. We are not happy with the way General Suchinda advanced to the premiership and will remain unhappy until he leaves his seat. But we realize that because Gen. Suchinda receives the voluntary support of five parties, because he has been officially appointed by the royal command and because he has taken an oath of office, all of us should rid ourselves of the nagging dissatisfaction and let the government perform its administrative tasks." Continuing, the article says: "We strongly criticize the senior personalities whose remarks—about the possibility of a coup in five or 10 months, about parliament dissolution, and about his declining to guarantee against a military coup—have caused the political situation to deteriorate," adding that the remarks amount to "an intimidation by the people who have the guns to protect their darling Gen. Suchinda and enable him to hold onto the premier seat untouched."

The THAI RAT article goes on to say: "Thailand has been in a decline ever since the NPKC staged the coup; let's us not poison it any further. The government's duty now is to quickly restore democracy to create confidence among the Thai people and foreign investors and businessmen. The world has advanced a great deal and we must catch up. Let's refrain from any more coups, and we warn that if there were to be another coup, people would not be as docile as they were on 23 February 1991."

Concluding, the article says: "The opposition parties have carried out their glorious duty by proposing an amendment to the Constitution to make it democratic. If the powerholders really care for the country and the democratic ruling system they should use the tools under their control, including the partisan members of parliament and the senators, to facilitate the amendment. If they do, they will be displaying a great sacrifice for the country."

The page-three NAEO NA editorial, entitled "Play by the Rules or Outside the Rules," refers to remarks by certain military leaders that categorize the anti-Suchinda demonstration staged by the opposition parties as "playing outside the rules." The editorial comments: "There is no definition in the Constitution of when an action is within or outside the rules. But Gen. Suchinda and Gen. Itsaraphong once said that rallies which did not create confusion or negatively affect liberty or freedom of others were acceptable. Therefore, it can be assumed that the opposition-organized demonstration, which was joined and supported by tens of thousands of people, is really not illegitimate. It was merely a game played outside the rules. However, no one has commented so far whether Chalat Worachat is playing within or outside the rules by staging his current hunger strike."

Vietnam

Reportage on Visit by Singapore's Lee Kuan Yew

Received by Vo Van Kiet

BK2404161392 Hanoi VNA in English 1515 GMT 24 Apr 92

[Text] Hanoi VNA April 24—Lee Kuan Yew, former prime minister and now senior minister of Singapore, arrived here yesterday afternoon for a visit and to attend a seminar on economy of Vietnam at the invitation of Chairman of the Council of Ministers Vo Van Kiet.

Lee Kuan Yew was accompanied by his wife, and Brigadier General George Yeo, minister for information and the arts, Lim Heng Kiang, minister of state for national development, and other officials.

Lee Kuan Yew and his party were welcomed at the presidential palace by Chairman Vo Van Kiet and his wife Do Quoc Sam, chairman of the State Planning Commission; Dau Ngoc Xuan, chairman of the State Committee for Cooperation and Investment; Le Van Triet, minister of trade and tourism; Vu Khoan, deputy foreign minister; and Le At Hoi, mayor of Hanoi; and other officials.

Chairman Vo Van Kiet expressed his hope that the visit would bring about a new development in the relations between Vietnam and Singapore.

Lee Kuan Yew thanked Chairman Vo Van Kiet for his warm welcome and said he believed that his first visit to Vietnam would be useful and would contribute to a better mutual understanding and cooperation between the two countries.

This morning, Lee Kuan Yew and his party called at the seminar on economy of Vietnam, and were warmly received by Vice Chairman of the Council of Ministers Nguyen Khanh.

Lee Kuan Yew said the hoped that the seminar would draw valuable experiences for the cause of socioeconomic development in Vietnam.

Received by Do Muoi

BK2404160592 Hanoi VNA in English 1533 GMT 24 Apr 92

[Text] Hanoi VNA April 24—Do Muoi, general secretary of the Communist Party of Vietnam Central Committee, this afternoon received Lee Kuan Yew, former prime minister and now senior minister of Singapore, and his party currently on visit to Vietnam.

Vu Khoan, deputy foreign minister, was present at the reception. Party General Secretary Do Muoi praised Lee Kuan Yew's visit to Vietnam as a contribution to peace, stability and development in the region, and as a good chance to exchange experiences with Vietnam in socioeconomic management and development.

He informed Lee Kuan Yew of the main points of the renovation process in Vietnam, and stressed that though facing some difficulties in switching the economy from its old mechanism to the market conditions, Vietnam, with its determination and persistent efforts and with assistance from and cooperation with other countries, particularly those in the region, will certainly achieve its noble objective.

General Secretary Do Muoi highly appreciated Singapore's achievements and experiences in economic building and development, and expressed his hope that Lee Kuan Yew would share his experiences with Vietnam, describing this as a contribution to the coperation between Singapore and Vietnam for the prosperity of the countries in the region.

For his part, Lee Kuan Yew reviewed the successes and failures in the socio-economic development of some countries in the region and the world. He stressed that each country, each nation must have its own way in building and developing its economy. He said he was ready to share with Vietnam the experiences obtained by Singapore in socio-economic development over the past decades.

He also said the two countries should exchange visits by specialist's groups to help each other in economic development. Referring to the situation in the region, he affirmed that there is no reason why the countries in the region should not help and cooperate with one another, because he said only in peace can they build prosperous countries. He wished the Vietnamese people great success in national construction.

Addresses Banquet Hosted by Kiet

BK2604095792 Singapore THE STRAITS TIMES in English 25 Apr 92 p 1

[By Han Fook Kwang]

[Text] Hanoi—The Vietnamese, especially those in the north, must change their way of thinking if they want economic success, Mr. Lee Kuan Yew said last night.

Speaking at a state banquet in honour of his visit, the Senior Minister said the quickest way to do this was to use those in the south, who were more attuned to the free market, to transfer their habit of thinking to the rest of the country.

"In your battle for the economy, I think many northerners should go south, learn how they think, how they work, how they maximise economic benefits, and then take it back north," he said.

He argued that they should include not only managers and officials, but also workers and supervisors.

"Bring them down, let them interact, it will be quicker."

He pointed out that, in the same way, Guangdong and Fujian provinces were growing faster than the rest of China because the Cantonese in Guangdong had learned by interacting with Hong Kongers and the people of Fujian with the Taiwanese.

In wishing his host success in their endeavour, he said: "The best help I can give is to explain and to get you to understand that it is not changing mechanisms which is what I've heard so often in the last two days, but changing the way of thinking."

Singapore businessmen, he noted, were keener to invest in the South of Vietnam because they found the southerners quicker to respond to incentives than their northern counterparts.

Earlier in his dinner speech, he said he had become even more diffident about giving advice to the country because from the reports he had heard, the World Bank and the IMF were already giving it all the right advice on macroeconomic problems.

His value, he added, was not in giving the Vietnamese the same advice, but to point out the options available and the costs involved in taking one course of action as against another.

Pointing to the Singapore experience, he said he sometimes had to delay or postpone a course of action recommended by the World Bank or the IMF because of political constraints.

But he had found out that however he zig-zagged, in the end, to maximise and optimise Singapore's economy, he had to apply certain basic principles.

These he listed as having a budget surplus every year, an appreciating currency and a high domestic savings rate.

But he added that these favourable conditions would not last forever and Singaporeans now wanted the government to spend more.

Indeed, he noted, the government was under pressure to give way, and to give more. But he warned that once it went in the opposite direction, the country would go back to where it was—budget deficits, inflation, depreciating currency, and all the accompanying problems.

In his banquet address, Prime Minister Vo Van Kiet declared his government's commitment to the economic reforms, to opening the country to foreign investors, to learning from others and to retraining its party cadres to the new approach.

On Mr. Lee's assessment of the country, he said he was deeply impressed, particularly with the Senior Minister's straightforwardness. The advice, he added, was of great strategic importance.

Mr. Lee, who is on the second day of a five-day visit, attended a seminar on Vietnam's reform programmes yesterday morning.

He introduced Mr. I.F. Tang, a former chairman of the Economic Development Board, who was one of the members of the United Nations Development Programme team which gave Singapore economic advice 30 years ago. Mr. Tang delivered a paper on Singapore's economic policies.

In the afternoon, Mr. Lee met Vietnam's senior ministers and called on Vietnamese Communist Party secretary-general Do Muoi.

Mr. Lee and his delegation will visit the ancient imperial capital Hue today before flying to Ho Chi Minh City.

Lee, Kiet Hold Second Round of Talks

BK2604110792 Singapore THE STRAITS TIMES in English 25 Apr 92 p 2

[By Han Fook Kwang]

[Text] Hanoi—Singapore shared its experience in economic development with Vietnam's top policy-makers twice yesterday: once at a closed door discussion and again at a seminar on the country's economic reform programme.

Senior Minister Lee Kuan Yew had a second round of discussions with the country's top brass, including its three deputy prime ministers, Mr. Phan Van Khai, Mr. Tran Duc Luong and Mr. Nguyen Khanh.

A Singapore spokesman said that Mr. Lee responded to their request on Thursday for his views on how Vietnam could develop its trade and industry, telecommunications, and its banking and stock exchange system.

Also on the agenda during the 1-1/2 hour meeting was a discussion on economic ties between the two countries.

Earlier, at a seminar at the National Assembly building, ministers and their deputies heard Mr. I.F. Tang, ex-chairman of the Economic Development Board, talk about Singapore fundamental economic policies, and what it took to make them work.

Although he did not say that Vietnam should follow the same path, he prefaced his paper by saying that he had highlighted only those aspects that were relevant to the seminar, which were on managing Vietnam's economic reform programme.

The seminar was organised by the United Nations Development Programme [UNDP] and the World Bank. Mr. Tang was introduced to them by Mr. Lee as having been part of a UNDP team which came to Singapore 30 years ago to give economic advice, and so was eminently suited to address them.

In his short introductory remarks, Mr. Lee noted that Singapore did not follow all of the UNDP recommendations as it had to marry the theory with the economic and political realities of the country.

Mr. Tang, who is now chairman of Wearnes Brothers, listed these policies as:

—Having a free market system, driven mainly by the private sector, with the government's role being to make Singapore one of the easiest places to do business;

—Plugging into the world economy by encouraging foreign investment and having an open and free trading sytem;

—Institutionalising a meritocratic system to motivate workers to give their best and providing equal opportunities in education; and

—Maintaining a clean and honest administration.

As for what it took to make these policies work, he mentioned getting the people's support for the government's programmes, establishing a legal system conducive to business and developing efficient infrastructures in transport and communications.

These are issues that are close to the hearts of policy makers here as they grapple with the problem of transforming their centrally planned economy into a more market responsive one.

In an interview with the Singapore press before the seminar, the head of the country's investment committee said that the country was now trying to find a new economic model to follow.

Mr. Dau Ngoc Xuan, Chairman of the state commission for co-operation and investment, said Vietnam attached great importance to learning from the experiences of others, although it realised that each country had its unique set of circumstances.

Asked whether it was also looking beyond economics and into political models, he said that while each country was different, Vietnam would study all of them to see if there were specific aspects in each which were suitable for its own purposes.

On how Mr. Lee's visit could help in its search for answers, he noted that the Senior Minister had a wealth of experience to share, having been at the helm of Singapore's rapid development.

In the afternoon, Mr. Lee, who was into the second day of his five-day visit, met Prime Minister Vo Van Kiet for a second round of discussions.

He later called on the general-secretary of the Vietnamese communist party, Mr. Do Muoi. Speaking to reporters after the call, Mr. Muoi described Mr. Lee's visit as a great success. "I am fully convinced that after this visit relations between Singapore and Vietnam will develop successfully," he said.

He noted that even though the visit was a very short one, "his substantive discussions with Vietnamese officials would have a positive outcome on the country. "His visit a clear manifestation of peace, stability, co-operation, friendship and development not only for the two countries but also for the region." he said.

Leaves for Hue, Ho Chi Minh City

BK2604155792 Hanoi VNA in English 1458 GMT 26 Apr 92

[Text] Hanoi VNA April 26—Former Singaporean Prime Minister Lee Kuan Yew left Hanoi yesterday for a visit to the imperial city of Hue and Ho Chi Minh City.

Earlier on April 24 he met with Premier Vo Van Kiet who said that since his visit to Singapore late last year the relations of cooperation between Vietnam and Singapore has fast developed in many fields—air service, navigation, investment, and trade—in the interests of the two countries and of peace, friendship, stability and cooperation in the region.

For his part, Lee Kuan Yew said Singapore is ready to share with Vietnam its experience in the construction of infrastructures, the management of airports and sea ports, and the construction of trade and service centres; he suggested ways to develop the relations between the two countries and to build the strategy and modality of economic development in Vietnam; he also gave some pieces of advice to Vietnam's macro-economic management, educational development and training. In five years, he said, Vietnam will witness a fast economic growth and will certainly obtain successes in its cause, in spite of numerous difficulties and new trials.

The same day, Lee Kuan Yew and other Singaporean guests were feted by Premier Vo Van Kiet.

Le Quang Dao Delegation Concludes Visit to Japan

BK2504174192 Hanoi VNA in English 1616 GMT 25 Apr 92

[Text] Hanoi VNA April 25—A delegation of the National Assembly led by its Chairman Le Quang Dao concluded today a week-long official visit to Japan.

During its stay there, the delegation called on Emperor Akihito, Prime Minister Kiichi Miyazawa, Deputy Prime Minister and Foreign Minister Michio Watanabe, Speaker of the House of Representatives Sakarauchi Yoshio, Speaker of the House of Councillors Yuri Osda, and others. Chairman Le Quang Dao conveyed the greetings of Party General Secretary Do Muoi, President of the State Council Vo Chi Cong, and Chairman of the Council of Ministers Vo Van Kiet to the Japanese leaders. The delegation also met with Vice-Chairman of the Japanese Communist Party (JCP) Tachiki Hiroshi and conveyed the greetings of Party General Secretary Do Muoi and former party general secretary Nguyen Van Linh to the leaders of the JCP.

It had working sessions with some committees of the Japanese House of Representatives and toured several economic and cultural establishments in Japan. On April 21, it attended a reception given by Speaker of the House of Representatives Sakarauchi Yoshio.

In his contacts, Chairman Le Quang Dao welcomed and highly appreciated Japan's positive efforts for peace and prosperity in the region, and said he hoped his visit would contribute to strengthening the friendship and cooperation between the two countries for their own interests, and for peace, stability and development in Asia and the world.

The Japanese leaders highly valued the achievements recorded by the Vietnamese people in the renovation process and welcomed Vietnam's open-door policy of cooperating with all countries, especially the countries in the region. They also expressed their wishes that the friendship and cooperation between Japan and Vietnam would be further developed.

Minister, Delegation Received by PRC Leaders

BK2504180192 Hanoi VNA in English 1623 GMT 25 Apr 92

[Text] Hanoi VNA April 25—A delegation of the Ministry of Culture, Information and Sport led by Minister Tran Hoan, member of the Communist Party of Vietnam Central Committee, paid an official week-long visit to China as from April 20.

It was cordially received on April 23 by Li Tieying, Politburo member of the Communist Party of China Central Committee, and member of the Chinese National People's Congress.

Minister Tran Hoan conveyed the greetings of the Vietnamese party and state leaders to their Chinese counterparts.

Mr. Li Tieying expressed his belief that the cooperation and friendship between the two ministries would be further strengthened and developed in accordance with the development of relations in all fields between the two countries.

He asked Minister Tran Hoan to convey the greetings of the Chinese party and state leaders to their Vietnamese counterparts.

Earlier, on April 22, the Vietnamese delegation held talks with a Chinese cultural delegation.

The two sides informed each other of the cultural development in their respective countries and expressed their aspiration for strengthening their cooperative and friendly relations in cultural and art activities.

The two sides signed the minutes of the meeting on cultural cooperation and exchange for 1992-93 and agreed to sign soon an official agreement on cultural cooperation between the two countries.

While in China, the Vietnamese delegation visited a number of cultural projects and beautiful landscapes.

Trade Mission From Netherlands on Visit

BK2404074392 Hanoi VNA in English 0547 GMT 24 Apr 92

[Text] Hanoi VNA April 24—A trade mission from the Netherlands led by Foreign Trade Minister Under the Ministry of Economic Affairs Yvonne Van Rooy arrived here yesterday, beginning a week-long visit to Hanoi and Ho Chi Minh City.

The mission, comprising a number of senior officials from the Ministries of Economic Affairs and Foreign Affairs and the Chamber of Commerce and representatives of 26 companies, was received in the evening by Vietamese Minister of Trade and Tourism Le Van Triet.

Minister Le Van Triet welcomed the visit which is aimed at inquiring into possibilities for economic and trade cooperation and investment. He said he hoped that with their potentials the two countries would further develop their economic and commercial relations.

For her part, the Dutch foreign trade minister said the fact that for the first time The Netherlands sent a great delegation, including many entrepreneurs to Hanoi, showed the seriousness of its desire to develop economic relations with Vietnam. She spoke highly of Vietnam's policy on investment and cooperation with foreign countries.

The Dutch minister affirmed her country's willingness to assist Vietnam in increasing its trade turnover with the European Communities.

Discusses Trade With Kiet

BK2504181592 Hanoi VNA in English 1633 GMT 25 Apr 92

[Text] Hanoi VNA April 25—Chairman of the Council of Ministers Vo Van Kiet received here this morning Ms. Yvonne Van Rooy, foreign trade minister of the Netherlands and her party now on a visit to Vietnam.

Also present were Le Van Triet, minister of commerce and tourism, and Dutch Ambassador George Albert Marie Wehry.

Minister Yvonne Van Rooy thanked the Vietnamese Government and Chairman Vo Van Kiet for their hospitality. She expressed her satisfaction at the results of her working sessions with the minister of commerce and tourism and officials of other ministries concerned, and at the initial agreement in expanding cooperation between the two countries in the fields of communications, transport, irrigation and commerce, as well as in continuing to negotiate the signing of agreements on investment protection and avoidance of double taxation.

She said that Holland is very interested and ready to cooperate with and assist Vietnam with its experiences on the principles of equality, mutual benefit, and respect for each other's sovereignty.

Chairman Vo Van Kiet welcomed the Dutch guests and thanked the Dutch Government and people for their cooperation and assistance, especially in investment, technology, and training.

He highly appreciated the cooperation between the two countries, and said that it could be better developed, because both sides had the requirement and potentiality to do so, and enjoyed each other's sympathy and trust.

He gave some suggestions on the direction of cooperation between the two countries in the coming period, preferably in the building of infrastructure, the breeding of milch cows, the processing of farm produce and food, and scientific and technical research.

He also expressed his hope that after this visit the relations between the two countries would achieve new progress.

Czech Officials Meet With SRV Envoy to Prague

BK2404075392 Hanoi VNA in English 0556 GMT 24 Apr 92

[Text] Hanoi VNA April 24—Antonin Baudys, deputy prime minister of the Czech Republic, chairman of the Czechoslovak sector of the Vietnam-Czechoslovakia Committee for Economic, Scientific and Technical Cooperation have received and had working sessions with Vietnamese Ambassador to Prague Le Tho.

The two sides re-affirmed their continuation to further enhance cooperation in the fields of economy, trade, labour, culture, science and technology in order to develop the traditional relations between the two countries.

Malaysian Delegation's Activities Reported

BK2404143192 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Apr 92

[Report on the activities of the Malaysian Government delegation, led by Prime Minister Dr. Mahathir Mohamed, during its official visit to Vietnam]

[Text] At the invitation of Council of Ministers Chairman Vo Van Kiet, Malaysian Prime Minister Mahathir Mohamed and his wife paid an official friendship visit to Vietnam from 19 to 24 April 1992.

Accompanying Prime Minister Mahathir Mohamed were Ahmad Badawi, minister for foreign affairs, and his wife; Samy Vellu, minister of energy, posts, and telecommunications; Mrs. Rafidah Aziz, minister of trade and industry; the chief ministers of the states of Perak, Kedah, Johore, Pahang, and Pinang; and many other high-ranking officials.

Also accompanying the delegation were a Malaysian art troupe, journalists, and more than 100 Malaysian businessmen.

During their stay in Vietnam, Prime Minister Mahathir Mohamed and the distinguised Malaysian guests paid tributes to President Ho Chi Minh at his mausoleum, visited his home and office, toured a number of economic and cultural establishments in Hanoi and Ho Chi Minh City, and attended the token inauguration of the offices of the Renong group of companies and the joint venture bank of the Vietnam Investment and Development Bank and Malaysia's Public Bank in Hanoi. They also attended the inauguration of the Petronas office and groundbreaking ceremony for the construction of the Equatorial Hotel in Ho Chi Minh city.

Prime Minister Mahathir Mohamed and his entourage were cordially received by Party General Secretary Do Muoi and State Council Chairman Vo Chi Cong. Prime Minister Mahathir Mohamed also invited Party General Secretary Do Muoi to visit Malaysia. The invitation was accepted with pleasure.

Prime Minister Mahathir Mohamed and Council of Ministers Chairman Vo Van Kiet held talks on the world and regional situation—an issue of bilateral concern—and discussed measures to further strengthen friendship and cooperation in all domains.

The two sides noted with satisfaction that cooperation in Southeast Asia is developing in the right direction and focused on promoting peace, stability, and development. This is in line with the current world trend.

They noted with elation that their friendship and cooperation in all domains on the basis of mutual benefit have during the recent past achieved new progress, in the interests of prosperity in each country and to peace, stability, friendship, and cooperation in Southeast Asia and the world.

To further strengthen and develop their friendship and existing multisided cooperation, they signed an agreement on economic, scientific, and technical cooperation, and agreement on post and telecommunication cooperation, and also a memorandum of understanding on Malaysia's technical aid to Vietnam worth 1.72 million ringgit—an equivalent of $700,000.

Both sides agreed to open negotiations at an early date for the signing of agreements on commerce, double taxation, and tourism, and cultural and sports cooperation aimed at consolidating the foundation for their specific ties.

The Malaysian Government has also pledged to readily share its experiences in development with Vietnam and to assist it in the rubber industry, management, administration, and technical training. All the talks and meetings proceeded in an atmosphere of cordiality, openness, mutual trust, and understanding.

The success of the official visit to Malaysia in January by Council of Ministers Chairman Vo Van Kiet and the success of this visit to Vietnam by Prime Minister Mahathir Mohamed are important milestones in the efforts to strengthen mutual understanding and trust, friendship and diversified cooperation, as well as to help strenghthen friendship and cooperation in Southeast Asia.

Prime Minister Mahathir Mohamed heartily thanked the government and people of Vietnam for the welcome and hospitality accorded his delegation.

Delegation Concludes Visit

BK2404162392 Hanoi VNA in English 1527 GMT 24 Apr 92

[Text] Hanoi VNA April 24—Malaysian Prime Minister Mahathir Mohamed and his wife left Ho Chi Minh City this morning, concluding their official visit to Vietnam.

They were seen off at Tan Son Nhat Airport by Tran Xuan Gia, director of the Office of the Council of Ministers, and leaders of the city People's Council and People's Committee.

Malaysian Consul General Adbul Latiff Awang was also present.

Constitution's Economic Freedoms, Party Control

BK2404023192 Bangkok THE NATION in English 24 Apr 92 p A8

[By Kawi Chongkitthawon]

[Text] Economic reform and a desire to integrate with the world community are the real forces pushing the adoption of a new Constitution in Vietnam. But the Constitution, promulgated on Monday, contains little that will actually diminish the power of the Communist Party or undercut the leadership role of key party leaders.

For people on the street, the new Constitution will give them more freedom to run their private lives and make money—something they have enjoyed unofficially in recent years.

Although all past constitutions mentioned freedom of speech, press, and assembly, such rights were never meant to be upheld in practice. The country's ideology of socialism overrode individual freedoms. There is still no free press in Vietnam, and all media are controlled by state or mass organizations.

The present Constitution also gives the Vietnamese people freedom of speech, press, and assembly as regulated by law. But no officials here can say for certain whether such a broad definition will allow for an independent press or dissenting views in the near future.

Communist Party chief Do Muoi did indicate early this month that people must have freedom and democracy, but added that they should not be construed as the right to do anything they want.

However, the Constitution mentions respect of human rights for the first time, and this is generally seen as an attempt to boost Vietnam's international image. The West has criticized Vietnam's past human rights record. But the past few months also saw the release of several political prisoners here.

In principle, basic citizen's rights are guaranteed under the Constitution. Vietnamese people can travel abroad, do business, and send their children abroad. Farmers can transfer land-use rights to their children. But the land still belongs to the state.

Other provisions include compensation against unlawful arrest or detention without trial. People are considered innocent until they are proven guilty in court. And foreign investment will not be nationalized.

But in practice, things remain different. For every Vietnamese who is travelling abroad, an exit visa from the Foreign Ministry's Protocol Department is compulsory. And land ownership has yet to be worked out in detail.

To effectively bring about more individual freedom, a new legislature must be introduced or the old one scrapped in the near future, say foreign diplomats based here.

Regarding the party's role, the Constitution states clearly that the party is still the boss. From now on, however, the party's activities must be within the confines of law. But of course what laws are passed still depend greatly on the party.

The party recognizes the increased power of the National Assembly and its standing committees in making laws and appointing the country's top officials. Formerly, the party's powerful Politburo decided everything.

Vu Mao, director of Office of the National Assembly and State Council, says the new Constitution will enable more capable and efficient deputies to work for the National Assembly. He adds that general elections will be held on July 19 to be followed by a presidential election on Sept 13.

To prepare for the task, Mao says there will be permanent staffers working for the various standing committees serving the smaller assembly overseeing economic, foreign, science, public health, and social welfare affairs as well as defence and security matters.

The post of premier will be stronger in administrating the country—including appointing the Cabinet members and local authorities. The premier has a veto power over candidates proposed by the local authorities, notably the people's committee.

The new Constitution paves the way for Vietnam to develop closer ties with other countries, regardless of their economic and political systems, and rejoin the world community.

It no longer mentions China or the United States as enemies. Instead it calls for good relations with every country. Vietnam's new foreign policy is "a policy of peace, friendship and expanded international relations and cooperation with all countries in the world, irrespective of their political and social system," based on the Five Principles of Peaceful Coexistence.

Government officials and deputies have expressed satisfaction over the progress made in foreign affairs since the Seventh Party Congress last June.

In his closing speech at the National Assembly last week, Le Quang Dao, the assembly's president, said the world situation has changed significantly in recent years and has brought about favourable new opportunities for Vietnam.

Since the last party congress, Dao said Vietnam had carried out a "diplomatic offensive (in all) directions by improving ties with every country with some of them contributing to the country's national development and preserving the name and prestige of Vietnam in international fora."

Despite all the progress made on the new Constitution, local critics continue to ask: Will Vietnam's new Constitution open the way for bolder political reforms, which have been very slow in coming?

Party leaders contend that the country needs further political stability to develop its economy. But the critics feel that such an argument is an excuse for further political oppression in the country.

Vietnamese leaders are trying to draw lessons from the collapse of communist regimes in Europe in order to avoid committing similar mistakes. Any drastic political reforms cna be ruled out for now in Vietnam, whereas economic reform will continue to be the first priority.

Article Discusses Nationalities Policy

BK2704072692 Hanoi VNA in English 0542 GMT 25 Apr 92

[Text] Hanoi VNA April 25—How to correctly perceive and implement the Communist Party of Vietnam's policy on nationalities in the renovation process was discussed by Nong Duc Manh, Politburo member and head of the Commission of Nationalties of the party Central Committee, in the latest issue of the ALL-PEOPLE'S DEFENCE REVIEW. Following are main excerpts:

The question of nationalities has of late surfaced in all its poignancy not only in the Third World countries but also in many developed countries. In the former Soviet Union and East European countries, the question of nationalities has rendered the situation more complicated and aggravated the allround crisis. In Vietnam, the question of nationalities is not like in other countries. Socio-economic development and burning questions in the material and spiritual life of the ethnic minorities, especially those on the highlands, border and remote areas and former resistance bases, are posing acute problems. The imperialists and reactionaries are using this question and religion to inflame public opinion and break up our national unity in order to provoke political unstability, and undermine our efforts in renovation to build socialism and defend the motherland.

In line with the resolution of the 7th Party Congress, the party's policy on nationalities is aimed at helping all nationalities in the country develop comprehensively, step by step bridge the gap in economic and cultural levels among them on the road to socialism, and achieving equality, solidarity and common progress on the basis of respect for the interests, traditions, culture, languages and customs of all.

The main objective of the party's policy on nationalities is to develop the economy and society of all regions and all nationalities in harmony with national development as a basis for enhancing national unity and achieving equality among all ethnic groups.

The party's policy on nationalities accords with the democratic and humane nature of socialism. It stems from the fundamental principle that all ethnic groups, big and small, even with very few members, irrespective of their history and development level, have the right to exist and develop in their capacity as masters of their destinies and the interests of each group in a unified nation must be respected.

At present, the economy of the ethnic minorities in our country remains largely an autarkical one. Hence, to develop the multi-sector commodities economy in the direction of socialism along with building a new countryside in a suitable way is the right measure and decisive factor to accelerate socio-economic development of the ethnic minorities.

Land is owned by the entire people and managed by the state. The state respects the right to land use of those farmer families who have cultivated their land over a long time or have reclaimed it from waste land. With regard to the state-owned organizations which have developed land in mountain areas, their possessions should be reallocated on the principle of democracy, equality and respect for the legitimate interests of the local population. Where the farmers have not enough land to cultivate, part of the population should be moved to places where conditions are more stable for agricultural production. More support must be given to those who leave their native places for new economic zones and strict measures should be taken to stem the current unorganized and spontaneous migration of population.

Together with allocating land and forest land to farmer household for long-time use, the state must issue preferential policies on credit and finance (including reduction and exemption of import and export taxes) in order to attract people inside and outside the country to invest in developing remote mountain areas. Priority must be given to projects on environmental protection and humanitarian aid programs of international organizations aimed at solving urgent socio-economic problems in areas inhabited by ethnic minorities. To raise the cultural standard of all ethnic groups in the country is an extremely important work in the strategy for socio-economic stabilisation and development in areas inhabited by ethnic minorities. In the immediate future, it is necessary to effectively implement the literacy programme and the programme for universalization of primary education in a way suited to the specific conditions of each region and each ethnic group. The state shall increase investment in the health service in the areas of ethnic minorities, actively carry out the national programme to combat malaria and goitre and stamp out epidemic breeding centres which are causing a high mortality rate and the decline of population in a number of areas inhabited by ethnic minorities. The population and family planning programme will be stepped up through more suitable measures. The planting and processing of herbal medicine and use of traditional recipes of galenic medicine for disease prevention and treatment should be encouraged. There also must be more active training of local medical workers and adoption of preferential policies in the collection of hospital fees in these areas. Also preferential treatment must be effected in the supply and pricing of some essential goods like rice, salt, kerosene, writing paper, medicaments, cultural and art services for the mountain people. The target is set for a basic solution to the driking in the highlands and in the areas inhabited by the Khmer ethnicity in South Vietnam. The development of each ethnicity depends first and foremost on the efforts of its own people. The party and state guarantee all ethnic groups' right to participate in the leading organs of the political system at all levels, in the discussions and decisions of the economic and social issues bearing on areas inhabited by ethic minorities. The organs of power, before discussing and deciding problems concerning the interests and life of any ethnic group, must ensure that this group can express their views and desire. The opinions of their deputies at the national assembly and the people's councils at various levels must be respected and in no circumstances should a majority view be imposed on them. In any case, they must be consulted, invited to deliberate in order to find out the optimal solution to problems arising from the practice of life. Never should the state allow itself to replace them in making decisions on matters relating to them.

Australia

Keating Cites Closer Ties With Indonesia, Asia

BK2404104692 Melbourne Radio Australia in English 0800 GMT 24 Apr 92

[From the "International Report" program]

[Excerpts] The Australian prime minister, Paul Keating, is now in Papua New Guinea having completed his four-day visit to Indonesia. He is claiming that his Indonesian visit achieved his goal of setting up a new and much closer relationship with Australia's northern neighbor, and as Peter Cave reports, Mr. Keating maintains his focus on the need to replace Australia's traditional ties by greater integration with Asia.

[Begin recording] [Keating] After a day of looking at temples and now looking at traditional dancing and traditional music, and some romantic songs from Dean Martin and a few other people, I felt like giving you a song instead of a speech. [passage omitted]

As never before in our history, we recognize that our future lies substantially in our own region—in Asia and the Pacific—indeed in Indonesia; that is where the great opportunity is. We know that (?taking) that opportunity will be no easy thing to do. It involves something like a revolution in the way we do things and the way we think about ourselves and the world.

We have been for so long a branch office of the empire. There is a tendency to go on expecting special treatment long after the head office stopped opening the mail. If this were characteristic of Australia once, it is not true now. We do not entertain the notion that someone else will do the hard things for us (?or to us).

Ladies and gentlemen, Australia is changing. Our economy is emerging from a recession in more competitive shape than it has ever been. We are casting aside the baggage of the past and directing our energies toward greater integration with our region. And within this region, we look especially to our relationship with Indonesia—our largest and most important neighbor—as a material and (?significant) example of the way our countries are resolving themselves for the 21st Century. [end recording] [passage omitted]

Returns From Indonesia, PNG Trips

BK2704072292 Melbourne Radio Australia in English 0500 GMT 27 Apr 92

[Text] The prime minister is back home after his first overseas trip since taking office. He says his visit to Indonesia and Papua New Guinea [PNG] was a success.

[Begin Keating recording] It was about two things. It was about the neighborhood—making our place more certain in the immediate region; trying to put the Indonesian relationship into its proper context and at the same time accepting the prime minister of PNG's offer to be there for the 50th anniversary of the PNG campaign on ANZAC Day. [end recording]

Fiji

Election Date Announced, Opposition Plans Boycott

BK2304092092 Melbourne Radio Australia in English 0800 GMT 23 Apr 92

[Text] Fiji is to hold its first general elections since the 1987 military coups next month. Announcing the long-awaited election date, President Ratu Sir Penaia Ganilau said polling will be over eight days from 23 May, a week later than a recently set target of 16 May.

Australian Associated Press says when the present interim government was established after the second military coup in 1987, it was expected that a new constitution would be framed and elections held within a year.

Meanwhile, the secretary general of the opposition Fiji Labor Party, Navin Maharaj, said a special party delegates' conference would be held on Saturday to decide whether to draw plans to boycott the elections.

Papua New Guinea

Police Fire Live Ammo To Quell Riot, 3 Injured

BK2304103492 Melbourne Radio Australia in English 0800 GMT 23 Apr 92

[Text] Police In Papua New Guinea [PNG] have fired live ammunition and tear gas to quell an election riot in the Southern Highlands provincial capital of Mendi. Brian Abbott reports from Port Moresby that three people are in hospital—two with bullet wounds, the third with an arrow wound, after thousands of people ravaged through Mendi for more than two hours.

[Begin Abbott recording] Supporters of three rival candidates, including Transport Minister Anthony Temo, clashed. (?Mr. Anthony) had been nominated for June's national elections. What started as abuse ended in an estimated 10,000 people rampaging through Mendi town, destroying cars, looting and wrecking shops, and fighting with sticks, stones, bows and arrows.

The battles continued for about two hours and when tear gas failed to control the crowd police fired live ammunition as warning shots. A woman was hit in the arm and a man shot with shotgun pellets in the head.

Police have appealed for calm for the remaining seven weeks of campaigning before the national elections in June. [end recording]

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close to the communist bloc. It was necessary for the United States to secure stability in these countries. If these circumstances had not existed, U.S. industries would not have declined to their present state. Violent changes in the USSR and East Europe, including the breakdown of the Soviet economy thanks to unreasonable military expenditures to cope with the United States, followed by the sudden fall of the autocracies supported by the stronger power, might not have occurred. The West German and Japanese economies would not have developed to their present levels if these circumstances had not existed. As prime minister of Japan, Miyazawa should have expressed his appraisal and appreciation of the United States; then he could have attributed the widespread money-making games to the decline of industry. Had he based his explanation on these premises, there would have been no room for criticism of his remarks.

It might have been Miyazawa's feeling that, since Diet members are all professional people, it would be impolite to the questioner to discuss elementary issues, as plain as the ABC's, and it would be enough to focus discussions on current matters. But his explanations in the Diet are not directed to the questioner alone. He is speaking as prime minister of Japan to people all over the world, as well as to the Japanese people. Accordingly, reaction to his statements will grow broader as the global information network expands and Japan becomes more important in the international community. While the absence of these viewpoints was the real cause of the trouble, it is perplexing that Miyazawa still thinks, even after this serious incident, as he told reporters, that the misunderstanding would end if people read his explanation correctly.

Political reform is another example of a case in which unnecessary side effects are amplified by distorted press reports and inadequate explanations by the prime minister. It has been said in the media that, although Kaifu was enthusiastic about political reform, Miyazawa does not seem serious. This is not necessarily correct, although this impression, with the Kyowa scandal adding fuel to the fire, is causing criticism of the government to grow.

In Kaifu's case, although he declared publicly that he would stake his cabinet's future on the realization of political reform, he self-destructed when the three related bills were left virtually untouched at the Diet session held early last autumn. More precisely, Kaifu was fully convinced that the bills submitted by the electoral council would not pass the Diet if opposed by all opposition parties; yet he submitted the bills to the Diet as government bills with the intention of maintaining the government's life until such time as the impossible became possible. In other words, he held the ball in his court so that game would not end, that is, he was laying the foundation for reelection. He was thus ostensibly appearing to be enthusiastic about political reform. Ultimately, he was most enthusiastic about his own reelection.

In Miyazawa's case, he appeared on the scene after the three bills aborted and the game was called off for the time being. The ball was passed from the government's hands to a conference of government and nongovernment parties. While he was clearing up business left unsettled by the Kaifu government, another game called the "government and nongovernment parties conference" began. In this situation, Miyazawa has to remain, for the time being, an observer of the game, no matter his actual enthusiasm for the game.

Nevertheless, this very natural attitude on the part of Miyazawa is being criticized by the media. Even financial circles are somewhat critical of his attitude. There exists a certain pretension or prejudice on the part of the critics, although they do not seem totally ignorant of the circumstances. Miyazawa's side is also responsible for its inability to provide adequate explanations.

People may point out that Miyazawa could have exercised his leadership as LDP president, although the problem had been transferred to the government and nongovernment parties conference before he became prime minister. But there are LDP officials, like the secretary general, the "three top-ranking party officials," and the recently appointed vice president, whose opinions it is naturally impossible for Miyazawa to disregard. Another disturbing factor is the negligence of nongovernment parties. In contrast to the LDP, which has reorganized its Political Reform Headquarters and is grappling with the reform problem is some fashion or another, there is no indication on the part of nongovernment parties that they are seriously grappling with electoral reform, which is the foundation of political reform. To only criticize Miyazawa for completely disregarding these situations is obviously unfair. He should provide clear explanations with refutations where necessary and then ask for the public's opinion.

In a civil suit, for example, one might lose the case, even if he is right, unless he defends himself. The same applies in today's politics. Behaving bluntly, like Shigeru Yoshida did, is no longer acceptable. Nor it is enough, as in Ikeda and Sato's cases, to just accumulate results without any explanations. As long as we are living in an information-oriented and mass society, it is not possible to secure public support without offering correct and adequate information. Neither is it possible to attain desired results without popular support.

Although Miyazawa enjoys conversation with his congenial friends, he does not seem to like entering into discussions, even with his friends. He also seems to dislike news conferences, where he maintains a businesslike manner at all times. Young newsmen, commonly called "hangers on," exclusively assigned to the Prime Minister's Official Residence, are not welcomed by him either. When their representative, selected in turn, tries to exchange a few words with him, in an attempt to obtain some comment for their reports, he seldom addresses them seriously. He says that his true intentions cannot be conveyed in this type of communication. If this is true, it is understandable. In that case,

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however, he should hold news conferences occasionally, allowing ample time for questions, something he does not do right now.

As for the media, the expressive and comprehensive skills of young newsmen have been weakened over the years; they have grown up with video news instead of the written word. Even the content of news articles has become simpler and flatter, perhaps under the influence of television, which does not try for precision in conveying verbal nuances and instead tends to communicate meaning with simplified patterns. As for politicians, they also tend to avoid explanations of the essence of matters as they think it useless to take time to prepare elaborate explanations. In this vicious circle, information tends to be transmitted only through images and symbols, thus creating one-sided and shallow understanding by readers and the general audience.

Although we talk about the information society, we understand that its actual condition is very unreliable. Therefore, we admit that Nakasone was a great information strategist. He organized the ad hoc commission on administrative reform and the national council on education reform as stages for systematized and organized discussions, where he could directly approach people going around Nagata-cho and could confront the media, which has lost its tradition of conducting serious discussions. As for Kaifu and Doi, we think that they were, in the modern sense, experts in image handling, substance aside.

In Miyazawa's case, unlike Nakasone, before his inauguration he had neither an eye for information strategies nor had he even begun to approach the problem. Although Miyazawa may still be capable of acquiring techniques that both Kaifu, Doi, and their staffs used to wield, similar behavior could not possibly be part of Miyazawa's repertoire.

If that is the case, then it is not too late for Miyazawa to create his own way of approaching the people, different from the Nakasone leadership that issued one-sided orders from the top, or the Kaifu performance that aroused feelings of camaraderie. As today's urgent political task is, as it happens, clearing away the long-extant vices of postwar politics, it is time for Miyazawa to make the most of his accumulated knowledge and information and his cool-headed analytical ability, for which he has a well-established reputation. His role is to develop a staff officer-type leadership that will enable him to indicate the points at issue of each problem, make suggestions to the people and to LDP executives, and request cooperation from nongovernment parties in solving the problem.

The required leadership is neither "from top to bottom" nor "from bottom to top" type but should be the type of leadership exercising its influence upon the whole from the sidelines. Unless Miyazawa's side strengthens its ability to dispatch information under a leadership scheme similar to that which I am suggesting, I am afraid it will be difficult to salvage the government by wiping out already formed negative images and impressions.

Political reform could be a proper theme to test his leadership in this respect. Criticism of Miyazawa by the media and business circles on political reform issues could partly be due to the fact that leaders of media and business circles were deeply concerned about the draft report of the electoral council. They appreciate that Kaifu at least showed his respect for their draft report, although he may have just been trying to extend the life of his government. But, on the contrary, they are displeased with Miyazawa because he has been indifferent to their report.

There may be some truth in their reaction if the draft in question was excellent. However, the draft prepared by the electoral council was so poor that it further complicated the problem.

Political Reform—Not So Difficult If Only He Is Determined

The Election System Council has framed its reform plan with a set of three bills—the political fund regulation bill, the political party subsidy bill, and the election system reform bill. They recalled the political reform plan formerly carried out by Takeo Miki, who planned to regulate political funds without touching the existing election system which requires money. In other words, he tried to shut off the faucet while the water is needed. As a result, his reform was criticized as making way for the procurement of political funds in a mnner that is sounder and less transparent than before. Therefore, it is proper for the Election Reform Council to learn its lesson from this case.

Of the reform plans, the political funds regulation plan and the political party subsidy plan have been taken care of to a certain extent. However, although election system reform is the most important, the council left untouched the election system of the House of Councillors. As to the election system of the House of Representatives, the council framed a compromise plan which is almost the same, with the existing election system of the House of Councillors reflecting its flattery to please both government and nongovernment parties to a certain extent. Under the situation, we can give grades to two of the three subjects. However, it is impossible to give a passing grade if one of the two major subjects is left untouched, and the answer for the other subject is off the point.

Therefore Miyazawa is not obliged, nor it is necessary for him, to be restrained by the council's plan. As Miyazawa has been saying, the council's plan can be reserved as a preliminary plan. Another plan is to apply single-member district system without exception [kanzen-sho-senkyoku-sei] to the House of Representatives' election—accompanied by a concrete plan for electoral districting divisions—and to apply proportional representation system without exception [kanzen-hirei-daihyo-sei] to the House of Councillors' election. There is a general consensus within the LDP that this plan is logical. The third plan, as proposed by nongovernment parties, is to leave the election system for the House of Councillors as it is, and to apply the medium-size districting

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system to the House of Representatives' election, with the restriction that the difference in value between votes should be within the ratio of 1:2, and to accompany it with a concrete plan for electoral districting divisions, thus eliminating two-member and six-member districts as resolved at the national Diet. What Miyazawa has to do first is present the three plans to the LDP Political Reform Headquarters, and then, as president, request they make a thorough study of the plans.

Since reform is to affect the status of the members of the Diet, the plans should be discussed not only within the LDP but also at the Conference of Government and Nongovernment Parties, which presently has nothing to do. Plans from nongovernment parties—if any—are also welcome and will be brought up for discussion with the original three plans. The trend of public opinions should also be considered since reform will inevitably affect the rights of the people. It is considered an ideal pattern if the various plans can be condensed into a single plan. If it is not possible, then it will be better to break off discussions when the scheduled time limit expires and submit the plans to the Diet for discussion by House members. In the case of Kaifu, he could not give enough consideration to the point. He could not help that he had to strategically connect the reform plan with his reelection. The fact that he submitted the council's plan intact as the government plan also left room for question. Political reform, when proposed by the House members, makes the political parties feel more responsible for self-control than when proposed by the government. Political reform proposed by House members makes it clear that reform is to be made under a parliamentary or party government.

There is a theory that, when put into the hands of political parties, such tasks as political reform cannot be achieved even in 100 years. There seem to be many members in the Election System Council who believe this theory. While expressing open distrust of political parties on the one hand, they talk about realizing a two-party opposition structure, suggesting the possibility of an alternation of power, on the other. I say they are nothing but schizophrenic. If the political parties are so unreliable, they had better call for abolition of the parliamentary and party government.

Even if each party submits its own bill for discussion, it will not easily be approved by the Diet under the present situation within the both Houses. If that is the case, it cannot be helped, and so each party should announce its own bill as its campaign promise for the general election to the House of Representatives and to the ordinary election for the House of Councillors. Even after the elections, it is likely that a certain bill approved by the House of Representatives will be rejected by the House of Councillors. In that case, elections should inevitably be carried out under the existing election system again and again. Accordingly, the election system for the House of Representatives is to remain in an unconstitutional condition—as pointed out by the judgment of the Supreme Court—with too large a difference in value between votes. However, no makeshift modification is considered necessary. If the election system reform bill approved by the House of Representatives, including a drastic reform of the general election system, should be disapproved by the House of Councillors, which has no direct relation to the general election, thus creating the unconstitutional situation, then the House of Councillors and the parties constituting the majority of the House of Councillors are entirely to blame. Neither the government nor the majority party of the House of Representatives is to be held responsible. The voters will show at the next national election who they think is responsible.

If Miyazawa maintains such a decisive attitude, it is certain that election system reform will someday be realized. One possibility is to have for the time being the political funds regulation bill and the political party subsidy bill approved in advance, designating the date of enforcement for the same date when the Election System Reform Law is to be enforced. One possible choice is to have the political corruption prevention bill, which is the center of public interest in the existing social situation, promptly enacted and enforced. If a joint proposal is framed by the SDPJ, Komeito, and the Democratic Socialist Party for this law, then the LDP may have a share in the proposal, provided two modifications are effected. One is to separate from the proposal the sections related to the fundamentals of political funds regulation, which should have been discussed separately from the beginning. The other is to exclude from the proposal those factors that conflict with human rights and common sense.

In any case, the political funds regulation law and political party subsidy law should be enforced as a trinity together with the Election System Reform Law. Should the former two laws be enforced in advance, it is likely that nongovernment parties will make every effort to disturb election system reform. As the political party subsidy law will enable nongovernment parties to obtain easily a certain number of Dietman's badges, they will think it is most advantageous for them to stay as they are, and it is very likely they will try to disturb election system reform. To justify their disturbance, they may argue that nongovernment parties have nothing to do with the existing medium-size districting system for election to the House of Representatives, and that only the LDP claims reform because the existing system inevitably leads to struggles between friends, forcing candidates to spend money to offer services to voters instead of campaigning for policies. However, I should say that their argument is a downright lie.

During the days when the SDPJ was able to put up more than two candidates in one electoral district, there were frequent internal disputes within the party which were more serious than those within the LDP, although circumstances have changed as the SDPJ is presently unable to put up more than one candidate in most of the electoral districts due to its recent decline. The internal friction created deep-rooted antagonism between the left and right factions, and people even called the party the Nihon [Two Pillar] Socialist Party instead of the Nihon [Japan] Socialist Party. The fact that nongovernment parties are unable to build a coalition at all is proof they do not want to be united. To remain as separate parties gives them a choice whether to compete or cooperate. However, to be united into one suggests they are to be inevitably involved in internal disputes leading to an internecine struggle. If defeated in the struggle, they will totally lose the guarantee to keep the Diet member's badge now in their hands.

As business circles, labor unions, mass media, and scholars who took part in the Election System Council were aware of the circumstances, I am sure that they all agree—except for some of the nongovernment parties pursuing interests of their own and the treacherous powers siding with them—that an overall reform of the election system is the key point of political reform, and that it is not permissible to eat a bit of everything.

We may say that Miyazawa has already started to pave the way for reform. However, what is important is to frame a consistent plan clearly showing the starting point and the goal. If he can show a straightforward guideline to be followed by the Miyazawa government during its lifetime, then no one will blame him for being indifferent about political reform. Even if Miyazawa fails to realize political reform within a year as he promised during the election campaign, it will become evident whether it was nongovernment parties or the House of Councillors who upset reform. First, in order to cope with the government, nongovernment parties are to be forced to concretely show their own overall plan, leaving no room for infestation of cheap imaginary reports. With political debate being revived, the people will be able to examine the reform plan of each political party in comparison with its timetable, which further enables the people to judge whether the party is seriously grappling with political reform or whether it is simply concerned with securing their Dietman's badges. Then, based on this concrete judgment, people will be able to exercise their rights when elections take place.

It is a well known fact that Diet tactics and factional strategy are weak points for Miyazawa. However, political reform, with election system reform as its supporting pillar, is not a subject to be handled through such inside negotiations as Diet tactics. Nor is it a subject to be cleared through negotiation between factions as the intentions of each Dietman delicately cross one another. After all, a cool and authentic approach is considered the best way. For Miyazawa, the problem will not be so difficult if only he is firmly determined.

Logical Approach Will Lead Miyazawa to a Clear Conclusion on What To Do With PKO

PKO may be considered an originally suitable theme for Miyazawa. If he makes more logical approaches for this theme than for political reform, the conclusion as to what to do will become clear. The point is how to conceive the United Nations as an international organization, and how to interpret Article 9 of the Constitution of Japan in relation to the rights of collective self-defense.

Chapter 1, Article 1, Paragraph 1 of the UN Charter stipulates that its purpose is "to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace." As we see in this stipulation, the United Nations after all is the organization for collective security against aggression. Article 45 of the Charter stipulates. "In order to enable the United Nations to take urgent military measures, members shall immediately hold available national air force contingents for combined international enforcement action." Under this stipulation, members are requested to offer at minimum their airplanes and crew whenever the situation requires. To ensure this point, the Declaration on the Principles of UN Friendly Relations stipulates: "Members are responsible to act collectively and individually in cooperation with the United Nations." It is because the United Nations is essentially a fighting organization that Switzerland, a permanent neutral state, has refrained from becoming a member of the United Nations, although many headquarters of UN-related organizations are located within its borders.

Japan joined the United Nations in 1956, ratifying the Charter of the United Nations as a treaty. There was no political party and no organization, from the LDP to the JCP, that opposed the UN-oriented foreign policy. Article 98, Paragraph 2 of the Constitution of Japan stipulates: "Treaties concluded by Japan and established laws of nations shall be faithfully observed." There is no justification to disregard the UN Charter. Logically, it is impossible that the problem of participation of Self-Defense Forces in PKO activities has been so complicated while there is no influential group advocating withdrawal from the United Nations.

The fact that the right of collective self-defense exists with Japan is clearly described in San Francisco Peace Treaty, the Japan-Soviet Joint Declaration, and the Japan-U.S. Security Treaty. For example, The Japan-Soviet Joint Declaration stipulates: "Japan and the USSR confirm the inherent right of individual or collective self-defenses held by the other state respectively, as stipulated in Article 51 of the UN Charter.

If Japan is not allowed under the restrictions of the Constitution to hold the right of collective self-defense, then all signings and ratifications on these treaties should become null and void. The phrase "the right of collective self-defense without approval of the Constitution" is often used by the mass media and is part of nongovernment parties. If the phrase is true, then the legality of the peace treaty becomes questionable, and Japan should withdraw from the United Nations at once. The authentic recognition is that though the right of collective self-defense does exist according to the theory of law, its political interpretation has been confined within a very small scope.

The political interpretation of the right of collective self-defense has held true because Japan was a defeated small nation and because both the United States and USSR, being involved in the cold war, have been disturbing the functions of the United Nations as stipulated in the Charter by exercising vetoes over each other. However, the cold war is over and the significance of the United Nations is again being recognized by the world. It is true that the United Nations, being in a transitional stage, had to depend on multinational forces to deal with the Persian Gulf war. From now on, however, the United Nations' "suppressive" function against acts of aggression is considered to be the conclusive means for keeping the peace. Concurrent with the change of the world situation, there has been raised the question as to how should Japan, as an established economic superpower, contribute to the international community.

The necessity of international contribution as an economic superpower has been repeatedly pointed out since Kaifu used the phrase two years ago in relation to the UN PKO cooperation law. However, there have been insufficient explanations about certain important points. First, the essential nature of the United Nations should have been made clear. Second, it should have been clearly recognized that it is the responsibility of Japan as a member nation to take part in collective security as stipulated in the UN Charter, and that such responsibility by Japan could not possibly be denied by the provisions of the Constitution. Without these explanations, PKO would not be easily understood by the public.

The same comment may apply to the problem of Article 9 of the Constitution. There are many people who seem to believe that the postwar Constitution of Japan is the first constitution in the world to contain the war-renunciation clause, which is not true. Setting the world history of constitutions aside, it was during the third year of Showa in 1928—long before the war—that Japan declared renunciation of war. The nine superpowers of those days—Germany, the United States, France, Belgium, the United Kingdom, Italy, Japan, Poland, and Czechoslovakia—concluded a treaty named the Great Powers Antiwar Treaty. In those days, the Soviet Union was in a state of confusion as only 10 years had elapsed since the revolution, and China was still in the period of rivalry between local military cliques; both states did not join the superpowers.

In the treaty, it is declared that "it is a misdeed to resort to war as a means of settling international disputes," and "they solemnly declare in the name of the people of their respective countries to renounce war as a means of carrying out national policies." Needless to say, Article 9, paragraph one, of the Constitution of Japan stipulates: "The Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes." The second paragraph contains the provision called the Ashida revision, beginning with "In order to accomplish the aim of the preceding paragraph..." under which it is stipulated that the war potential and right of belligerency as renounced in the first paragraph will never be maintained. This provision of the Constitution should be interpreted that Japan is to renounce war as "a sovereign right of the nation"—"as a means of national policy," or as means of "settling international disputes." In other words, the provision is saying that Japan is determined to renounce acts of aggression.

Formerly, Japan used the word "incident" such as the Manchurian incident, the Shanghai incident, and the China incident, as Japan had promised renunciation of war of aggression to the world. At the outbreak of the Great East Asian War, Japan declared war, calling if for the first time a war for self-defense.

Although Japan is to blame for violating the Antiwar Treaty, it should be understood that the true cause of the violation was created by the military clique who distorted the interpretation of the provisions of the former Imperial Constitution of Japan. Article 3 of the former Imperial Constitution stipulated: "The Emperor is sacred and inviolable." This is the provision that existed with every monarchy without exception, meaning the monarch is not subject to political responsibility. Article 10 of the same Constitution stipulated: "The Emperor is in command of the land and sea forces." This provision means that the sovereign authority of the military resides in the emperor, who is the sovereign of the nation. The military distorted the interpretation of these articles and claimed that they are entitled to do anything without being disturbed by politics and diplomacy since they are linked directly to the emperor. This way of thinking was called "command thought." Thus, resisting the common sense of the world, they finally disregarded the Antiwar Treaty. They thought it did not suit the national constitution of Japan to conclude a treaty "in the name of the people".

It has been an established interpretation that renunciation of war means renunciation of wars of aggression. The same expression is also being used in the existing constitution. Any argument based on an extended interpretation of this expression, intending to refuse performance of duties of a member nation as stipulated by the Charter, and thus leading Japan into isolation from the international community, should be accused as revival of the former command thought.

In his book titled *Joint Study—After the Cold War* (which was recently published under the joint authorship of Seisaburo Sato, Yasunori Murakami, and Susumu Nishibe), Nakasone refers to the correlation between the Antiwar Treaty and Article 9 of the Constitution. Though with a rather restrained expression, during a television interview at the time of the general election Miyazawa expressed his opinion that Self-Defense Forces should participate in PKO activities. He then maintained that, although the Self-Defense Forces should not participate in PKO activities in the form of multinational forces such as those organized at the time of Persian Gulf war, Self-Defense Forces should participate in the UN regular army if such a system is organized in the future. However, the point of Miyazawa's argument was that, as members of Self-Defense Forces are to acquire the status of international civil servants by participating in the UN Army, they are not to be bound by the Constitution of Japan.

Should an international civil servant, who is supposed to work exclusively in accordance within the international laws and regulations of international organizations, be restrained by the laws and national profits of his native country, he will not only be unable to perform his duties satisfactorily, but, if his duty is concerned with economy-related organizations, his conduct might be suspected as breach of trust. Although such was the logic supporting Miyazawa's explanation, an interviewer, unable to understand the logic, happened to irritate Miyazawa by persistently asking why the Self-Defense Forces are to be disconnected from the Constitution. My impression was that the explanation was somewhat roundabout, and that there could be a more explicit way of explaining by quoting the UN Charter, the Constitution of Japan, and the Antiwar Treaty so that no room was left for misunderstanding.

After he became Premier, Miyazawa expressed his views at the summit conference of the UN Security Council held at the end of January, to the effect that it is time for Japan to be selected as a permanent member of the UN Security Council. The UN Charter contains provisions that a Military Staff Committee shall be established, consisting of the chiefs of staff of the permanent members of the Security Council or their representatives, to advise and assist the Security Council on all questions relating to its military requirement and the employment and command of forces placed at its disposal.

When more importance is to be attached to the UN peacekeeping function and to the "suppression" of acts of aggression, then the movement of the Military Staff Committee will become more active accordingly. When Miyazawa said that Japan should be elected a permanent member of the Security Council, he meant nothing more than either the chairman of the Joint Staff Council—who is at the top of the uniformed group—or his representative be added as a member of the Military Staff Committee.

There is a tendency among businessmen to think Japan should become a permanent member of the Security Council as it gains power. Presumably the knowledge of these people about the UN Charter is limited at best to the ex-enemy nation clause discriminating against former Axis forces—including Japan. They do not seem to know about the Military Staff Committee.

In the case of Miyazawa, it is a matter of course that the provisions of the UN Charter are being kept in his mind. However, as regards Japan's newspapers and televisions, I am afraid there seems to have been no report by the mass media paying special attention to the relation between Miyazawa's statement and the overseas deployment of "military officers" instead of "armed forces." Although the absence of reports about Miyazawa's statement may be due to the reporters themselves having never seen the UN Charter, Miyazawa's statement in fact contained a considerably significant factor which should have been criticized by mass media as a problem statement if judged by their usual standpoint.

It may be Miyazawa's idea that the military officer sent overseas can be considered for the time being as a part-time international public servant. Or he may be thinking that, if the PKO bill now being submitted to the Diet approved, he can send the officer by virtue of law or by amendment thereof. However, it is not possible for Japan to send "the military officer" alone, leaving the deployment of armed forces entirely to other countries. Viewed from the standpoint of the members of Self-Defense Forces to be sent overseas, completion of a law system instead of the formal logic is desirable so that they can go overseas openly.

To talk about international contributions after the country has become a superpower is actually a microscopic argument. Originally, duties under the UN Charter should be performed as duties no matter whether the country is a superpower or a small country. In order to be able to perform these duties, it is necessary to firmly establish a consistent understanding at home and abroad about both the UN Charter and the Constitution. However, Kaifu completely kept away from this problem. Nakasone and Ichiro Ozawa are beginning to clearly express their opinions. Miyazawa seems to be suggesting his consciousness of the problem to those who can understand his allusion, and stepping into the problem little by little sounding out their reactions.

However, he cannot wait forever to see which way the wind blows. If the budget is approved by the Diet and the PKO bill is to be discussed again, the UN Charter will inevitably become the subject of discussion involving Miyazawa's statement at the summit conference of the Security Council. Then discussions will take place, not only at the national Diet but throughout the country, concerning the peacekeeping function of the United Nations and the right of collective self-defense.

I sincerely hope that such discussions may raise the curtain on the stage of politics where discussions are to be made based on faithfully verified facts and common sense applicable throughout the world, instead of stumbling policies or imaginary and symbolic politics.

Software: Patents Versus Copyrights Issue Viewed

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[Article by NIKKEI reporter Yuki Sugi: "Protection of Software Not by Copyright, But by Patent"]

[Text] Applications for software patents, particularly among computer makers and major electrical manufacturers, have risen sharply. The reason is that copyrights offer only limited protection. If U.S. makers, leaders in software technology, begin asserting their patent rights, a new source of Japan-U.S. friction is certain to develop.

Copyrights Are Only Good Against Copying: Patents Start From a Product's Conception

The number of cases where major electrical manufacturers and communications equipment makers are applying for computer software patents rather than copyrights has risen sharply.

The total number of applications filed with the Patent Office for the past five years has remained the same. However, among them, software-related patent applications have increased dramatically over the past two or three years. Their exact numbers are difficult to determine, but among the approximately 300,000 applications filed in 1990, probably at least 12,000 are for computer software. According to Yoshiaki Aida, assistant head of the Patent Office's Examining Standards Unit, if one includes microcomputer-regulating software, "software-related applications in almost every field—from 'fuzzy' appliances and elevator controls to industrial machinery—are on the rise." So much so, he says, "there are just too many to count."

During the General Agreement on Tariffs and Trade [GATT] Uruguay Round, participants agreed that software could be protected by copyrights, but in the industry, that idea already seems to be on its way out.

One of the reasons is that the competition to develop new technology has shifted its focus from hardware to software. We have entered the age when software determines the performance of high-tech products.

Without exaggerating, we can say that, not only high-tech products, but also everything from home appliances and automobiles to manufacturing machinery now involves microcomputers. The money and technical manpower that firms are pouring into the development of software are ballooning.

According to an electrical manufacturing executive, "in reality, copyrights only protect against copying, but patents offer protection all the way back to the concept, or idea, for a particular piece of software." Makers who share this view are changing their tack and protecting their software with patents.

Applications are most numerous among computer makers. Among those busily filing for patents are domestic makers like NEC, Fujitsu, Hitachi Manufacturing, and Toshiba, and foreign makers like the U.S.'s IBM and Digital Equipment (DEC).

"Companies Are Applying Fast, Even Without Meeting Standards"

Hardware makers aren't the only ones putting their energies into filing. Software makers, communications companies, and other kinds of enterprises are also doing so.

Last year, Tokyo-based NTT Data Communications' president, Shiro Fujita, gave instructions to his planning department chief, Kazunori Meno, whose head office handles patents for all of NTT's research and development, to increase the number of applications their company files. Said Fujita, "Our company intends to pay for the development department with the licensing fees from our patents." Of course, it is unreasonable to expect royalties alone to cover the expenses of a department staffed by some 300 employees, but the president's playful stance does go to show how much enthusiasm the subject has generated.

NTT Data Communications applied for some 100 or more patents in 1990, the majority of which were for software. However, according to Meno, "NTT's applications fall one digit short of the numbers being filed for software by major electrical makers dealing with hardware." At NTT, each engineer is given the goal of filing one to two applications a year. If the goal is reached, the number of applications per year will at once double. NTT is all but trying to catch up with the hardware makers and surpass them.

However, the Patent Office hasn't changed its policy of not granting patents for software, per se. Even now, when the application is simply for a particular software program, the request is commonly rejected on the grounds that the product lacks patentability.

Nevertheless, makers who still want a patent have learned to get around this obstacle. They have taken what might otherwise simply be considered software, and given it the appearance of being hardware "equipment." For example, a good illustration is offered by the feature in word processors, *kanji henkan kino*, which converts entries into Chinese characters. Another example is found in electronic dictionaries, which give Japanese equivalents when the user keys in an English word. Either case is actually an example of conversion software. But their applications described them as hardware having a conversion function, and were accepted.

The reason for trying to dodge patent restrictions like this is that copyrights operate within narrowly defined parameters.

Copyright laws, because they were originally made to protect creative expression (things such as music and novels), can only protect the software programs that have been written up.

No matter how original the software is, the idea or function of that software is not protected. Thus, barring proof of imitation, a case of copyright infringement cannot be brought against someone who comes up with software having the same function.

If this were a case involving a patent, software having the same function, though developed through an entirely independent process, would be considered an infringement. Though the patent has some disadvantages—the period under protection is twenty years compared to a

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copyright's fifty, and there is a six to seven year wait from the time one files and receives a patent—the payoff is sufficiently worth the wait since both concept and function are protected.

In order to protect one's ideas from the competition, one should make use of whatever rights one can—this is a common attitude among firms that are increasing their applications.

Says Noriyuki Takimoto, head of the patent-filing department of Matsushita Appliance's Intellectual Property Center, "We only apply for hardware patents when we are sure of getting one. However, in the case of software, we'll go ahead and file immediately, whether our software meets the standards for a patent or not." Other companies are saying almost the same thing.

Critics Say Patent Examiners Lack Sufficient Knowledge, Even About Commonplace Functions

With a steady stream of applicants filing petitions, the scope of the patent is gradually being extended. The reason is that technological innovations in the computer field are occurring rapidly, and in case after case, patent examiners, few of whom are well-versed in software matters, are granting patents on the basis of novelty, even for commonplace functions.

For example, a patent was granted for the word processing function, or feature, which places text in a shaded box in order to highlight it. Another major electrical maker's legal director says of this patent, "When it was granted, there were a number of word processors made by other companies that already featured this function. It wasn't anything new. That a patent was granted only shows a lack of research on the part of the examiner." It is no exaggeration, according to the head of the legal department of a certain major electrical maker, to say that whether a patent is granted or not "is less a matter of the petition's content than on the examiner's own knowledge of the field and how the petition is written up."

But the Patent Office isn't just standing by and watching as software applications increase.

In July 1990, the office responded to the diversification of computer-related petitions by reorganizing its staff. The electronic calculator section, which handles peripheral computer equipment, is now independent of the No. 5 Examining Department's information processing section. In order to shorten the waiting period for patent approval, a six to seven year wait after filing, it is also increasing the number of its examiners and, by July of this year, is expected to announce new criteria for making its decisions on patent requests.

Until now, three sets of standards have coexisted for software-related reviews, including those in the 1988 publication, "Conditions for Handling Examinations of Computer Software-Related Inventions." It would be useful in both the application and review process to have these standards consolidated, and to provide ample illustrations of patents that have been granted. There is a good chance that case examples will be taken from among previously approved patent requests in areas such as file management, graphics management, and voice recognition.

Some Fear Product Development Will Not Be Possible Without Paying Licensing Fees

If patent requests and authorizations continue to increase as they have, small- to middle-sized makers and software companies that cannot hire patent specialists will be pushed into a difficult corner.

"If things continue as they are, just one segment of our major manufacturers may end up cornering all the promising patents, and there is a fear that product development will not be possible," says a worried Ikio Ishihara, a consultant to the Software Information Center.

Patent applications that have been filed in the past two or three years will generally take four to five years before approval. Not all requests will be approved, and a company may find itself wanting a patent another firm has gotten. If it has promising patents of its own, however, the company can get by without much difficulty by getting a cross license.

A firm that waits too long to file, however, has to resign itself either to paying a licensing fee and having much higher production costs, or not being able to develop its product at all.

Ishihara says, "If one does not strike now, in four or five years, there is a strong possibility that he will be at a decisive disadvantage."

For example, the field for word processors has been narrowed considerably by various companies holding patents on such features as those that convert characters (e.g., from *romaji* to Chinese ideograms), or have built-in dictionaries that search out new words. Hypothetically, let us say that a company is trying to develop an entirely new word processor or word processing program. If it is not willing to pay a huge licensing fee, it is virtually impossible for it to enter the field.

For the software industry, which has a lot of small- and middle-sized companies, the problem is even more serious. Even if they wanted to catch up, a lot of firms do not have the financial resources to hire a legal director. Faced with personnel shortages, the president of one middle-sized software house complains, "We would be lucky to get even one extra pair of hands for development or management, much less another person to protect our product rights." There are a lot of companies that do not even know how to get a patent established.

There are also cases, however, where a hardware manufacturer has a patent for his product, but may end up not even being able to manufacture it without first enclosing his software within a wall of patents.

At that point, it is too late. Some are pessimistically saying, the only way to survive, other than joining a network of affiliated major firms (keiretsu) and working through this route, is having your licensing fees written off.

Patent-Related Litigation Is Certain To Increase, But There Is a Shortage of Attorneys Knowledgeable About Software

Under the circumstances, attention has been drawn to the outcome of Japan's first domestic patent lawsuit, which was filed in March 1991.

The plaintiff is the patent management firm YES, which has its headquarters in Okayama city. Claiming that Fujitsu and eleven other application software companies have violated YES's patent for "equipment to manage inventories and financial data," YES has petitioned the Tokyo District Court for an injunction against the companies to stop them from manufacturing and selling [the allegedly pirated equipment].

The first thing to watch for is the court's decision on the fundamental question: to what degree is software patentable?

YES's patent is for a computer application that links financial management and inventory management with one push of a button. Receiving the patent in February 1990, YES sent notices to about 1,600 companies, warning them that they had infringed on its patent.

However, people everywhere are saying, "the patented application couldn't have been very special if it was being used by 1,600 companies. To bring the matter to the courts is one thing, but for it to have been granted a patent at all is quite another."

There is a possibility that the patent itself may be invalidated. It may be two to three years yet before a decision is made, but it looks as if the case will set a legal precedent for defining the relationship between patents and software.

Depending on which way it goes, the decision may also end up strengthening the majors.

If the patent stands, and it is decided that YES's rights were violated, then the patents for which the majors have filed will have considerably more value. According to a view that has been expressed regarding Fujitsu, one of the defendants in the case, "even if it loses and has to pay YES a million yen or so, Fujitsu will still have gotten a bargain if it also gets permission to use YES's patent." Majors that can file a lot of petitions for patents and have the staff to do it are at an advantage.

However, of all the defendants, only Fujitsu has the prospect of gaining something from the court's decision. Excluding Fujitsu and Pilot, the ten remaining companies have yearly turnovers of one billion yen or so at most. They haven't the extra resources to get patents or put them to use.

In any case, while litigation concerning patents is certain to increase, only a few patent attorneys and lawyers are knowledgeable about software.

In response to this state of affairs, in April 1991, a committee to deal with intellectual property was set up by the Patent Attorneys Association. Says Giichi Tani, who chairs the committee, "Even with this kind of increase in software patents, there are only a handful of attorneys who know about software. First of all, we attorneys are going to have to learn more about software ourselves."

He said the group would be working within the software industry, where there has been very little exchange of information, to introduce information about patents that have already been granted and "know-how" about filing for patents.

The United States Has Stretched the Limits of Patent Rights Too Far and May Spark the Next Round in U.S.-Japan Friction

Behind the increasing number of software patents in Japan is the growth in the past several years of patent applications in the United States, the birthplace of the software industry. In particular, companies like IBM and AT&T, which are increasing their patent applications in Japan, are also busily filing for patents at home.

On the strength of patents granted to them for prior technology, U.S. companies are suing other firms that have come later, and charging them licensing fees. This is the approach they have taken for computer hardware and semiconductors, and it can be said this is the same approach being taken for software.

Within the United States, critics are saying that the law is being interpreted too broadly. At an international symposium on the legal protection of computer software that was held in Tokyo last 9 and 10 December, Pittsburgh University's Dr. P. Samuelson complained, "The United States has gone too far in broadening the powers of the copyright and patent. If things go on as they have, this trend will very likely lead to serious conflicts."

The software industry, however, is now the last area in which the United States is still the world's strongest competitor. And the U.S. Government, too, is trying to protect its vested interests to whatever extent possible.

For example, from its contents, the patent that AT&T received in 1988 for "efficiently distributing resources," can probably be called a mathematical method of calculation. In Japan and Europe, it has not been considered patentable, but in the United States it has.

To give another example, the United States follows the principle of first-inventor, giving preference to the person who first invented a thing. On the other hand, Japan and European countries follow the first-applicant principle, giving priority to the person who first filed for a patent. In this, the United States is among the world's minority. It does not, however, acknowledge the first-inventor principle for applications by foreign companies. For that reason, Japanese makers have tasted the bitter pill of being taken out of line and put further down on the waiting list. During negotiations at the Uruguay Round to coordinate patent regulations, the United States defended its own system, and has not softened its stance.

However, in the arbitration draft presented by GATT Director General Arthur Dunkel in December 1991, a provision was included to recognize the first-inventor formula for foreign companies. Apparently, this move drew heated reactions from U.S. firms, who complained that "only the United States was made to make concessions," and pressure has been put on government officials "not to give an inch further in concessions." This has given rise to fears that the way will be rough for future negotiations.

The Japanese Government, for its part, has also been forced by the unexpected increase in patents to extend the scope of the patent by bits and pieces in case after case.

Both the Japanese and U.S. Governments want to avoid an indiscriminate proliferation of software patents. However, depending on the type of restrictions they choose, they may end up weakening the competitive position of companies in their respective countries, and they have not been able to find suitable countermeasures.

In any case, with their large numbers of patents, U.S. firms will probably try to get revenue from Japanese companies. It looks as if software patents will be the source of new friction between the United States and Japan.

Bank Strategy for Financial Reform Viewed

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[Unattributed article: "Banking Strategy for Financial Liberalization"]

[23 Jan p 7]

[Text] **Reworking Entry of Securities Firms; Scenarios Warped by Stock Market Sluggishness**

The Finance Ministry will present its draft of the revised law pursuant to financial system reform to the next regular session of the National Diet, so that system reform is finally starting to move. However, in the context of the bubble economy's collapse, the environment for banks and securities firms has changed greatly. Even banks which were particularly in favor of system reform cannot conceal the change from their initial thinking. System reform holds out the prospect of opening the way even for mergers of financial institutions across business types. However, in the current situation where the pluses and minuses of restructuring are unclear, even blueprints are hard to draw up. The strategies of banks eyeing system reform are all the more shaky.

Heavy Burden of "Close Associates'" Slump

Late last year, a Ministry of Finance (MOF) official shouted at the head of an influential long-term trust bank, "We can expect you to deal promptly with your close associate, can't we?" What he meant by "close associate" was a medium-size security company said to be in the bank's grouping (keiretsu). This security company had recorded a deficit in its midterm accounts last September, and the head of the long-term trust bank responded by giving the assurance that "we will be responsible for rebuilding its management."

Moves in that direction quickly became apparent. It was the Industrial Bank of Japan and Wako Securities which agreed on the 22d to have their respective investment advisory firms merge. The view of most people is that "the Industrial Bank moved to prop up its friend Wako."

Both now and at the stage last spring when the financial system study commission drew up its final report, there were no great differences in the strategies which most city banks and long-term trust banks drew up. These concentrated on incorporation for subsidiary security firms that would be newly established, and on dealing individually with security firms in the grouping (keiretsu). Otherwise, they would have "dual strategies with their keiretsu security firms and subsidiary security firms" under which the marketing of stocks, which their subsidiaries had taken on, would be aided by a keiretsu security firm (Source: Fuji Bank).

However, keiretsu security firms have been weakened, and before the banks apply a dual strategy they are being forced to rebuild their keiretsu security firms. Considering the liberalization still upcoming in commissions, they have not been able yet to find the best prescription. There are rumors circulating such as the one that, as a drastic measure, security firms affiliated with city banks will merge with medium-large security firms. Hence, a feeling even exists that the banks' keiretsu security firms have become the focal point of security industry restructuring.

Last summer, the planning chief of one city bank drew up a planning document summarizing ways to advance its security-firm strategy. However, the responsible officials sent it back, saying, "So long as the treatment of keiretsu security firms is left vague, it is impractical." The revision of the document still has not moved ahead. The securities slump has of course shaken strategies aimed at system reform for security firms, but at the same time there is no doubt that "it has destroyed the premises of the banks' strategies," according to a Sanwa Bank executive)

Even Abandoning Establishment of Subsidiaries

The effects of the securities slump even extends to the banks' strategies on subsidiaries. Under the trial estimates of a powerful long-term trust bank, in setting up a subsidiary of some 200 persons they would have to provide capitalization of 20-30 billion yen in order to avoid deficits. Yet, when one considers their coping with management of the bad debts they are currently carrying, banks able to invest that much capital—even if their group businesses are included—are limited. Among the medium-ranked city banks, a trend even exists toward hesitating to set up subsidiaries because "it may be that we will be responding to the needs of our correspondent banks even by using business tieups and keiretsu security firms," comments a Kyowa Saitama Bank official.

Another reason why the preparations of the banks are delayed is that such details as authorization standards for subsidiaries and the "partitions" between the parent and subsidiary firms have not been made clear. This means that should officials of subsidiary firms be barred from concurrently serving as bank officials, the issue would arise as to whether or not they would have to resign from their bank position, or should the bank and subsidiary not be allowed to use a computer jointly, the sum invested would swell even more.

Appearance of Impatience Not Hidden

The MOF has a policy of approving business startups of subsidiaries by business category as early as April 1993, but the planning chief of a long-term trust bank does not conceal his impatience, saying, "To meet that we would have to firm up the outlines for the subsidiaries by this fall at the latest. There is not enough time."

How will the faded securities strategies be redrawn while the banks carry the heavy burden of dealing with the aftermath of the bubble? The system reform strongly requested by the banks faces its final act, and contrarily, confronts the banks as a tough issue.

Main Bank Keiretsu: Business Showing of Close Security Firms

(Profits/losses for september 1991 midyear closing of books. Unit: billion yen. Affiliated banks in right column.)

Daito Securities	-.09	Fuji
Kyokuto Securities	-.2	Mitsui Taiyo Kobe
Towa Securities	-.6	Sanwa
Ryoko Securities	-.9	Mitsubishi
Maruman Securities	-1.2	Tokai
Cosmo Securities	-1.5	Daiwa
Shinei-Ishino Securities	-2.1	Mitsui Taiyo Kobe
Meiko Securities	-2.7	Sumitomo
Daiichi Securities	-5.2	Long-Term Credit Bank of Japan
Wako Securities	-6.6	Industrial Bank of Japan
Kankaku Securities	-18.0	Dai-Ichi Kangyo
Shinnihon Securities	-20.2	Industrial Bank of Japan

[24 Jan p 7]

[Text] **Unsure About Entering Trust Business; Hard for Subsidiaries To Profit With Sharp Change in Environment**

At the end of last year, the Bank of Chiba set up a development company so as to get know-how for the land trust business, and it invited in personnel from Toyo Trust and Banking. The Bank of Chiba's aim was frankly "an experiment directed at entering the trust business," says manager Tamaoki. They had in mind entering the trust business via the subsidiary approach in fiscal 1993.

Vague Scope of Business

However, the Bank of Chiba is an exception. Almost no other concrete moves have been seen directed toward entering the trust business, including the city banks. Even now over half a year after the financial system study commission drew up its final report in June last year, the fact that the scope of business of the trust banks' subsidiaries has not firmed up, is the context for that. In the commission's final report, the scope for trust bank subsidiaries' business is ambiguous, and adjustments among different business types were put off. As a method for entering the trust business, the final report indicated both main-body entry and the agent-office system for regional financial institutions, in addition to the subsidiary formula. Making land trusts and public-interest trusts the scope of business, in the case of entry by trust subsidiaries and the main bodies of regional financial institutions, has been firmed up. However, even now there is heated discussion among trust businesses, the city banks, and others on whether to include four areas within the scope of subsidiaries' business: special money trusts, fund trusts (trusts other than assigned funds), designated units which become the means for autonomous operation of public funds such as annuity and welfare programs, and the trusts of investment trusts.

The trust banks are strongly opposed to opening them up, saying "It will affect the basis of our business." Yet, it seems that ultimately the decision will go in favor of the city banks, which say, "There is no way that trust subsidiaries can be profitable merely from land trusts and public-interest trusts. It cannot be called system reform if groups just getting in cannot make a go of it," says the head of Mitsui Taiyo Kobe Bank. Even if all four areas are not possible, it may be that fund trusts will be approved for trust subsidiaries from the standpoint of spurring competition.

Agency Concept Also Marking Time

In the case of such regional financial institutions as regional banks, which could enter the trust area via the main-body or agency method, it seems that most would use both main-body entry and the agency method. The agency method is the one that has moved business tie-ups a step ahead, so that regional banks may become business outlets for the trust banks. It is even possible that there will be payments of commissions between the regional and trust banks. Even the financial system study commission's final report sought effectuation of that in advance of system reform in fiscal year 1993.

Yet, here, too, moves are slow. At a news conference on the 16th, Regional Bank Association Chairman Osamu Hashiguchi looked dejected as he said, "We have received no report whatsoever on negotiating about the agency concept." In fact, negotiations between the regional banks and trust banks have not progressed on the scope of business or on commissions for agency offices. With the worsening profit environment, trust industry circles also see difficult conditions for proceeding with the agency concept.

The reason that both city banks and regional banks are unsure about entering the trust business is because they have decided that "the trust business will not bring us the profits we had expected." Two or three years ago, when the system reform debate was active, the trust business greatly increased its earnings in the context of the flourishing stock market and real estate deals. However, with the collapse of the bubble, midyear accounts settlements in September 1991 showed a 4 percent decline in business profits compared to the same period of a year earlier,so that the trust business is in a tight business climate.

Merits in Securities

In short, it seems "almost no one but securities firms," says a major trust bank official, can make profits by setting up trust subsidiaries. By such devices as commissioning investment trusts, securities firms often make use of trust receivers. If they can do it independently they can cut back on trust remunerations.

Even if city banks do set out to establish trust subsidiaries, "we can only set up one or two desks in a small room in our main offices if we are to make a profit," says an upper-level official of a city bank. So long as adverse winds are blowing for both securities and the real estate that had supported the trust banks, city banks and others will be driven to make even tougher decisions than they did on their securities strategy, over the question of getting into the trust business.

[25 Jan p 4]

[Text] **Road Open for Mergers of Different Business Types; Banks Haggling on Substance of Law Revision, Looking at Large-Scale Restructuring**

Such ideas on large-scale mergers as "city banks and foreign-exchange banks" or "city banks and trust banks" again are flying about in financial circles. The MOF's having decided on a policy of presenting the current Diet session with a draft revision of the "Law on Mergers and Conversions of Financial Institutions" (Law on Mergers and Conversions), was one cue for that. Even large banks not currently considering mergers have become nervous about system reform which might lead to rival banks' business volume expanding, and the debates on the system hypothesizing future restructuring are becoming fevered.

The Law on Mergers and Conversions, that went into effect in 1968, only assumes cases in which such ordinary banks as city banks merge with such banks as mutual savings and loan banks and credit banks, or in which mutual savings and loan banks convert into ordinary banks. As liberalization proceeds and the barriers between bank types are lowered, the deficiencies of this become obvious. For example, if a long-term trust bank or bank specializing in foreign exchange (Bank of Tokyo), which are allowed to issue financial debentures, should merge with an ordinary bank and continue on as an ordinary bank, under the existing law it would have to halt its debenture-issuance business immediately after the merger.

Also, should a long-term credit bank, or the Bank of Tokyo, become the ongoing company, its framework for issuing financial debentures (30 times its capital stock) and marketing outlets would expand abruptly, becoming a cause of turbulence in the financial debenture market.

Rivalry Over Development Measure

Due to this, the MOF will, with the coming revision of the law, add such institutions as long-term credit banks and the Bank of Tokyo to the financial institutions coming under the law. Its approach is to set up a "development measure" that would allow issuance of financial debentures only for several years after a merger.

Basically, the long-term credit banks, the Bank of Tokyo, and the city banks all support revision of the Law on Mergers and Conversions, but intense bargaining is going on below the surface on the substance of this "development measure." As long-term credit banks, the Industrial Bank of Japan and Long-term Credit Bank of Japan, which have a sense of crisis if "the city banks absorb institutions issuing financial debentures and come marching into the financial debentures market," would like to see the period for allowing "development measures" limited to about five years. They also are asking that the volume of financial debenture issuances be held to the scale extant just before the merger, and that marketing bases also not be increased through mergers.

The city banks are not necessarily acting in concert with one another, but such banks as the Mitsubishi Bank seem to be insisting that "the development period should be 10 years, the scale of issuances should be thirty times the capital stock after the merger, and the limitations on marketing outlets should be as lenient as possible.

Yet, there are rumors of a merger between the Mitsubishi Bank and the Bank of Tokyo—a financial-debentures issuing bank. Other high-ranking city banks are more restrained, saying, "The development measure should run for as brief a time as possible."

Although it is likewise a financial-debentures-issuing institution, the Bank of Tokyo differs with the long-term credit banks in favoring an easing of restrictions. That is because the Bank of Tokyo is aiming for an expanded share in the financial-debentures market dominated by

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the Industrial Bank and the long-term credit banks, but in banking circles this is being fended off by saying, "it shows that the Bank of Tokyo is leaving its management the option of merging with an ordinary bank."

The prospect is that even the MOF will give up as hopeless its refereeing of adjustments on such a "development measure" and will put it off. Concrete details, such as how many years the development period would run, apparently will not be worked into the law, but will be taken care of in government ordinances and administrative guidance. Still, the view is also heard that "In order that financial restructuring hereafter may proceed in the form of city banks with huge off-the-book profits from stocks engaging in rescue mergers with weakened banks, the MOF—not wanting to see bank bankruptcies—will probably push system reform in line with the city banks' wishes," says a long-term credit bank official).

Toward Approval of Combining Trust Business With Other Lines

The MOF is firming up its approach of both revising the mergers and conversions law and abolishing the banking bureau chief's notices, which had barred city banks and others from also engaging in the trust business. At present, when city banks absorb a trust bank, they must cast off the trust sector, which makes little sense. With the sluggishness in stock prices, trust bank earnings have rapidly worsened, and some people think that it would be a measure to gird for future management difficulties of the trust banks.

The prospect is that the MOF will advance to October this year the enforcement of the revised Law on Mergers and Conversions, which had been expected to happen next year. It appears that the disposition of the bad loans, which the banking world was holding due to the collapse of the bubble economy, will peak out with the fiscal 1992 account settlements, and that from the second half of this year the mood for restructuring of the banking world will be on the rise, like it or not.

Stagnation of Plant, Equipment Investment Viewed

922A0185A Tokyo NIHON KEIZAI SHIMBUN in Japanese 18, 19 Feb 92—FOR OFFICIAL USE ONLY

[Article by editorial staff writer Koichi Nishioka: "Hands Full With Inventory Adjustment: Repayment Also Heavy Burden for Manufacturing Industries"]

[18 Feb p 1]

[Text]**Part 1**

Enterprise plant and equipment investment, which is the driving force of business expansion, will go into hibernation. According to a survey by Nihon Keizai Shimbun Inc. (interim total), FY1992 will be 4.5 percent lower than the current fiscal year. Manufacturing industries will suffer a double-digit decline, so industrial circles are enveloped in the most discouraged mood since they were visited by the strong-yen recession in FY1986. It is customary for investment plans to be revised upward during the period, but when one looks at the worsening of the climate, with such things as the sluggishness of the stock market and the paralysis of government caused by the occurrence of one scandal after the other, the game appears to be over for the first half of FY1992. The focal point is to what extent the desire to invest will recover in the second half of the year, as a result of such policies to stimulate the economy as reducing interest rates by another notch.

Moved by a Long Period of Prosperity

"There is nothing whatsoever, either in the main robots, which are for cars, or in those for electronics. It is a downward trend in demand which seems to be accelerating. We have taken pride in high-revenue management of 35 percent ordinary income on sales, but I suspect we will have to lower that banner." Even President Seiuemon Inaba of Fanuc Ltd., who is famous for being bullish, has a defeated look.

Approximately one-third of the demand for robots is for increasing production. Fear that this will become zero has grown stronger. With the strengthening of the trend to promote shortening of working hours as an added impetus, it is expected that demand for rationalization and labor saving will increase, but, after having revised plant and equipment investment in the current fiscal year downward by 30 percent compared with the previous fiscal year, Fanuc will shave FY1992 investment by a further 60 percent. The robot industry is pessimistic in general because of the "Inaba effect."

"Freeze on new operating expenditure": This kind of official notice was issued at Hitachi, Ltd. "New operating expenditure" is an in-house term. It means expenses for new building and repairs, in other words, new plant and equipment investment. At a time when a slump in demand is continuing for computers and semiconductors, the products on which it depends most, it was struck by the followup blow of stagnation in home electrical appliances. There even began a movement to buy Hitachi products, with a standard of Y150,000 for the department manager class, Y100,000 for the assistant manager class and so on. At the time of the strong-yen recession, this kind of movement too was done by "notice," and later left to company loyalty, but this time they will make sure, by the person in charge of home appliance operations going around within the company. The company is desperate to limit spending, so "new operating expenditure" is out of the question.

For manufacturing industries to hold off on investing is also natural when one thinks about it. They have been in the midst of inventory adjustment since last autumn. Up till the middle of last year, they were lead astray by the call of a period of prosperity longer than the [57-month] Izanagi boom. The reins of reducing production have also become tight by the amount that companies were

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late in noticing the slowdown in real demand. Moreover, most places have just invested money in plant and equipment for such things as surface-treated metal sheets and IC [integrated circuit] memory chips.

It is a miscalculation in which "revenue is impeded in the place where one would expect added value to be highest," comments (Kei) Imai, vice president of Nippon Steel Corporation. Inventory adjustment is being further strengthened in January through March, so the current sense of a satiety of plant and equipment is fairly strong. It is even doubtful whether companies will get an appetite for investment in the latter half of FY1992.

A brake will also come on from the aspect of company revenue. Beginning with Toyota Motor Corporation's ordinary income for the June 1992 period [as published] becoming a 30 percent decline, there are many manufacturers which experienced large declines in income in FY1991, and they cannot rid themselves of the concern that income will also decline in FY1992. One of the big causes of that is the burden of paying for plant and equipment investment done up to now. For most major manufacturers that burden will become the highest ever in the next period. As long as they do not have firm assurance of demand, it is difficult to act with the reckless valor which will spur on a worsening of revenue by resolutely investing.

Service Industries Also Uneasy

Aside from electric power and railways, which promised a systematic buildup of transport capacity at a time of rising fares, the tide of investment slowed down in nonmanufacturing industries too, and grew by 1 percent overall. In contrast to finance, securities and real estate, which were quickly driven into compressing investment, in bubble-demand related industries, the outlook is for even investment in construction, which had managed to maintain a soundness, to turn worse at one stroke.

Even consumption-related service industries, which look as though they would be likely to be firm, cannot be optimistic. In regard also to Japanese traveling overseas, whose number it is said will reach 12 million in FY1992, their overseas consumption, other than transportation fares, is the same as imports, so it will not lead to supporting domestic consumption, or to inviting investment. Rather, the situation is such that "proprietresses of high-class Japanese-style inns, who have not engaged in management for the last 20 years, come and request to be allowed to attend our business conferences," says Isao Matsuhashi, president of JTB [Japan Travel Bureau Co., Ltd.]. There are indications that the cold snap in consumption, which is attacking automobiles and home electric appliances, has begun to chill the leisure industry as well.

Private sector plant and equipment investment has been slowing down since FY1991. Nevertheless, if one compares it with FY1986, which was the bottom of the previous time of prosperity, that of FY1991 is a level which is higher by all of about 70 percent. For the United States, it is stronger by 10 percent, or has not risen. The amount of cumulative investment for FY1987 to FY1991 on a real-dollar base is approximately 1.5 times that of the United States. It is clear how intense the plant and equipment investment was into which Japanese companies rushed.

If we take it that their hands are tied in regard to exports, and that uneasiness gathers in regard to domestic demand, to further expand this vast supply capacity would be something like looking for trouble. Already receipt of orders for machinery, which runs from six to nine months ahead of private-sector plant and equipment investment (Economic Planning Agency survey of private-sector demand excluding ships and electric power) has turned downward beginning in the July-September quarter of FY 1991 compared with the same period of the previous year. Furthermore, the actual yield of orders received compared with orders foreseen has declined in each period. "It is very difficult for guaranteed "investment" items, in which plant and equipment investment is said to be assured, to be selected." A person responsible for the business of a heavy-machinery manufacturer complains of the symptoms of a period of stagnation in plant and equipment investment.

Below the Time of the "Gulf War"

It does not mean that companies have forgotten research-and-developmentinvestment and rationalization-investment which look to the medium and long term. When the political situation, the capital markets and international relations shake this way and demolish the basis for making decisions on investment, managers too, turn to defense. In contrast to the fact that even initial plans last year, in which the outcome of the Gulf war was a cause for concern, were an increase of 1.6 percent, and that the increase for 1986, the year following the Plaza Agreement and the year in which the strong-yen recession began, was 0.9 percent, the guard against it this time is fairly solid.

The government draws a blueprint for 3.5 percent growth in FY 1992 supported by a real increase of 4.5 percent (nominal increase of 5.1 percent) in plant and equipment investment, but if the launching platform for plant and equipment investment is under water, there is danger that this scenario will go greatly awry.

(Editorial staff member, Koichi Nishioka)

[19 Feb p 1]

[Article by Industrial Division reporter Otsuka: "Three Conditions for Midyear Recovery: Labor-Saving Measures, Public Investment, Consumption"]

[Text] **Part 2**

The weakening of private-sector companies' desire to invest in plant and equipment reflects a company psychology demoralized by the slowdown in demand which began along with the end of the long period of prosperity. To manufacturing-industry managers, who are in the very midst of adjusting inventory and production, "the current sense of business conditions is that they are at the bottom," says Tatsuo Yasukawa, manager of the Research Department of The Sanwa Bank, Ltd. However, it would be premature to draw the conclusion that the bearishness will be prolonged, and that recovery of plant and equipment investment will drag into the second half of this year. I will now venture to explore a scenario in which it will turn to recovery by midyear. There are three conditions.

Favorable Wind of Promotion of Shorter Working Hours

The first condition is the trend toward "promotion of shorter working hours." For industrial circles it has now become one of the tasks which cannot be avoided, and its relative importance as the thing which drives plant and equipment investment has rapidly increased. "In order to accomplish a change to 1,800 working hours in FY 1993, it will be necessary to further promote investment for rationalization and labor-saving measures. It is a situation in which we cannot put on a brake." In the midst of a slowdown in sales which has spread from word processors and audio visual equipment to white-goods household appliances, President Akio Tanii of Matsushita Electric Industrial Co., Ltd. reveals his painful position.

Matsushita's Finance Department is grappling with the creation of a plan in the direction of reducing the amount of plant and equipment investment for FY 1992 by almost 30 percent compared with that for FY 1991, but "investment for shortening working hours" is becoming a sacred area which cannot be reduced. At the end of February, prior to deciding on the investment plan for FY 1992, the company is scheduled to show to the union side a concrete plan which includes an investment policy for achieving a working time of 1,800 hours.

The situation is the same in the automobile industry, which will reduce the current annual 2,000 working hours by 100 hours each in FY 1992 and FY 1993. "We would like to reduce temporary work too, not to mention investment in rationalization, but it is impossible when we consider the shortening of working hours," (Toyota Motor Corporation).

According to a questionnaire survey of 100 leading companies by Nihon Keizai Shimbun Inc., the number of companies which listed "rationalization-labor-saving" as investment items on which they would place stress in FY 1992 (answer includes up to two items) rose to 64. In particular, the proportion of those citing "rationalization-labor-saving" was highest among the "reduced-amount companies (43 companies)," which are making plans to reduce plant and equipment investment in FY 1992, reaching 74 percent (32 companies). It is striking when compared with the 50 percent (10 companies) of "increased-amount companies (20 companies)" and the 58 percent (21 companies) of "companies which are holding level (36 companies)," so they are being maintained as investment items which companies "want to realize, at least" even if the climate for investment becomes harsh.

Stagnation "of Mood"

The second condition is recovery of consumption. The element of mood is strongly manifested in the stagnation of consumption at this point. The obverse side of the coin is that if a brake is put on the uneasy mood, it would not be strange for both consumption behavior and company consciousness toward investment to undergo a complete change.

Take, for example, such durable consumer goods as automobiles and home electric appliances. In January of this year, Toyota's "Corolla," which was also called "a synonym for recession," put an end to the shameful record of having its real sales results fall below those of the same month in the previous year for six months in a row since its complete model change in June 1991. At the same time, January domestic sales of automobiles also turned upward for the first time in 17 months.

In the electric equipment industry, the next-generation audio products, the digital compact cassette (DCC) and the minidisk (MD) will make their appearance in succession, this spring and this autumn respectively. All the more so because the audio visual market is weak, at present the manufacturer's side, too, is in doubt as to what level of demand it can expect. But if they catch on with the public, every company will embark simulataneously on setting up full-scale production lines. Mass production of the head section of the DCC, which is a precision thin film, requires equipment equal to that used for semiconductors, so the amount of investment will also expand. (Matsushita Electric and Sony) say "when it is time to do it, we will do it."

Even if we look at personal consumption, leisure-related consumption is still satisfactory. The Japan Travel Bureau will double its investment in the training of tour conductors to Y400,000 per person. Auto-rental industry circles are speeding the introduction of RV (recreation vehicles), weekend use of which is expanding rapidly.

The third condition is public investment. Public investment is "the helping hand of God" to the construction industry, which, with a resigned expression, says "receipt of orders for investment related to measures to cope with the labor shortage, such as construction of company housing, will probably continue to a certain extent, but basically there is no bright material concerning private-sector investment in plant and equipment," according to President Taira Shibata of Nishimatsu Construction Co., Ltd. All the more so because one can expect an annual growth rate of 8 percent, all the construction companies which have operated by private-sector

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demand are, without exception, shifting to a setup by which they will go on eating thanks to the public sector.

Furthermore, the benefit of a system-correction is also about to be bestowed on a private sector whose stringency is especially conspicuous. It is the April implementation of the levying of taxes equal to those for residential land on agricultural land located in those districts in the area of the three largest cities which are becoming urban. All the more so because some signs of a recovery are now visible in construction of rental housing, there is also the possibility that a strong favorable wind will begin to blow.

According to trial calculations by the Ministry for Construction, in the Tokyo metropolitan area 8,000 hectares of agricultural land will become residential land in 10 years, and 700,000 homes will be newly built. According to present conditions, the diversion of agricultural land to residential land is on the level of 500 to 600 hectares per year. The calculation is that the amount of the new supply of residential land in the capital area will be raised by about 50 percent. It will amount to enough material to get through the "winter" of the chill on private-sector plant and equipment investmemt, and in time it will induce plant and equipment investment in the construction industry, itself.

Anticipation of Lowering of Interest Rates

The question is whether adjustment of product supply and demand will end, and entrepreneurial spirit will take a turn for the better, while public investment and personal consumption centered on leisure-related industries support things. That will influence plant and equipment investment in the latter half of FY 1992, and affect the direction of business conditions. All the more so because of that, anticipation will also grow in regard to a fourth lowering of the official rate.

President Yoshihiko Miyauchi of Oricks Ltd. observes, "I would like to have them lower it as soon as possible. The past two lowerings of interest led to improvement in bank income, but were totally inadequate as measures to intervene in business conditions for industry circles." It is a fact that private-sector plant and equipment investment has stepped down from the position of a driving force for business conditions, but it has not gone so far as to lose even the strength to resurface. A recovery in midyear is possible if a number of conditions come together, and that route has also been indicated.

(Industrial Section: Reporter Otsuka)

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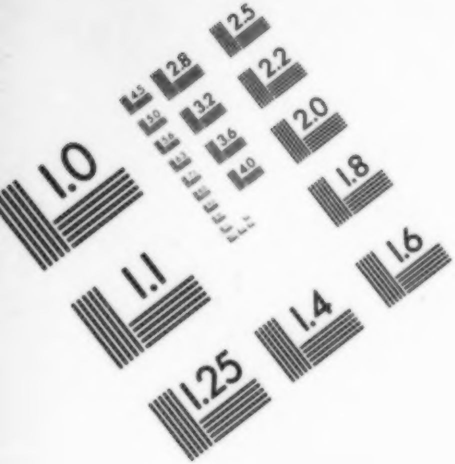
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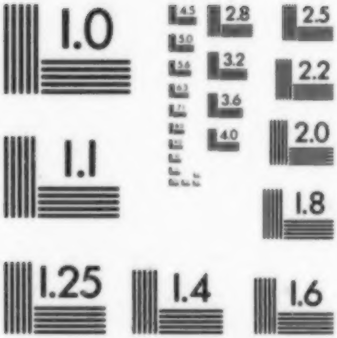
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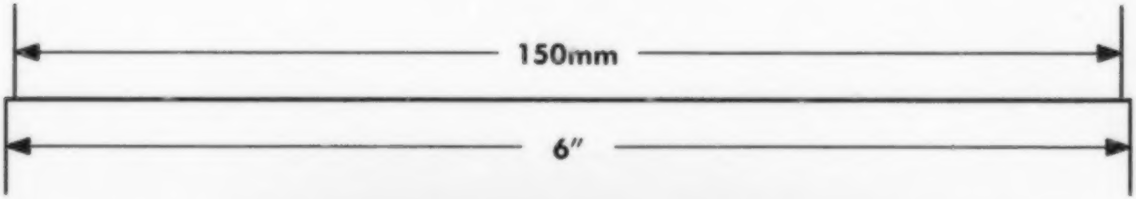

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